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AGRICULTURAL OUTLOOK

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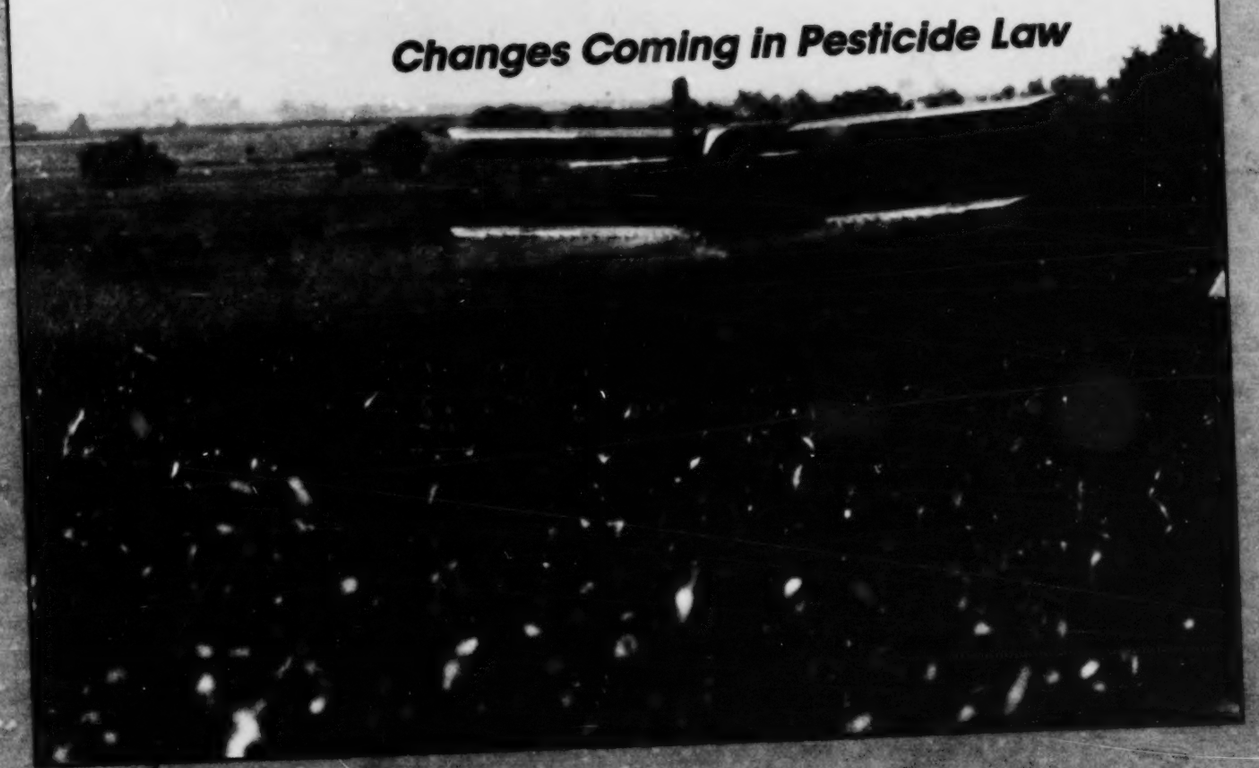
Changes Coming in Pesticide Law



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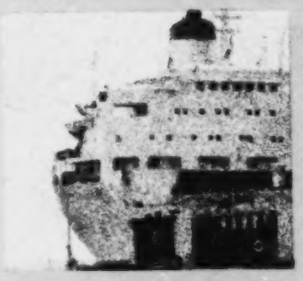

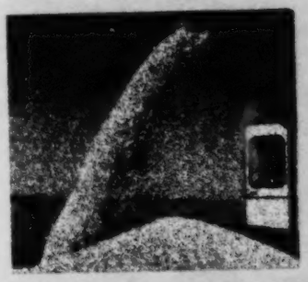

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In Brief. . . News of Forage, the Trade Deficit, Storage Capacity

The farm sector's debt-to-asset ratio, which worsened from 1982 to 1985, is beginning to stabilize. The ratio, commonly used to measure financial strength, rose from 20.8 percent in 1982 to 24.9 percent in 1985, because farm real estate values fell faster than debts were paid off. But, cash income is record high in 1986 and farmers' production expenses are dropping. Farm debt has decreased as much as $22 billion during 1983-86. By the end of 1986, farmers will have completed 4 years of perhaps a 6-year debt-reduction and asset-devaluation process. In the next year or two, the debt-asset ratio may decline further, as cash income remains high and production expenses low.

Forage supplies are abundant though much of the country. Even in the Southeast, which suffered a severe drought this summer, prospects are improving, particularly for the region's now-reduced cattle inventory. Under normal weather conditions, national forage capacity can support 115 to 118 million head. In 1982, the cattle inventory was 115.4 million head; at the beginning of 1986, it was down to 105.5 million; and by the beginning of 1987 it likely will have declined to about 102 million. Thus, pasture and range acreage available per head has expanded dramatically.

Imports and exports of fruit and vegetables are growing in calendar 1986. In 1985, fruit, vegetables, and products represented 7.3 percent of total U.S. agricultural export value, up 1.3 percentage points from the previous year because of higher total unit value. As of June 1986, fruit and vegetable exports had already reached almost 5 percent of U.S. agricultural export value for the year. Volume was also up over first-half 1985.

At the end of fiscal 1986, the United States had been running a merchandise trade deficit for 10 consecutive years, and the deficit had grown almost fivefold since 1980 alone. By contrast, up until last May, agricultural trade was continuously in surplus. While total U.S. trade likely reached another record deficit in fiscal 1986, U.S. agricultural trade ran an estimated $6 billion surplus during these 10 years. The fear, though, is that current trends mean agricultural trade will eventually meet the same fate as nonagricultural trade.

This year, for the first time since 1978, the CPI for food will rise at a higher rate than the CPI for all items, but only because of sharp decreases in energy prices. Without lower energy prices, the all-items increase would remain near 4 percent. Much of the increase in food prices during 1986 is occurring in the second half of the year. Strong demand for poultry, particularly at fast food restaurants, and smaller supplies of red meats pushed prices up sharply in the third quarter. Meat and poultry prices are expected to remain strong in the fourth quarter, but the rate of increase will likely be much lower. Poultry prices are expected to decline from summer highs in the fourth quarter.

Even if 1986 crops are as large as forecast, there will probably be sufficient overall storage capacity at the end of this year's harvest. In the 27 States for which data are available, at least 2.7 billion bushels of storage will remain unused, about 1 billion bushels of that in the Corn Belt and Southwest States. Certain States, though, could still see temporary storage problems. Illinois, Indiana, Iowa, and Michigan are estimated to be short more than 230 million bushels in total on October 1.

An association of agricultural pesticide producers and a coalition of environmental organizations have compromised on a package of amendments to the Federal pesticide law. If the amendments pass, the safety of the approximately 50,000 pesticides now in use would be reevaluated within 9 years, registration of new chemicals would be speeded up, and pesticide patents would be extended beyond the 17 years now allowed.

At market prices prevailing during 1940-1985, the United States produced more grain, oilseeds, cotton, and dairy products than it could sell, either domestically or overseas. This excess production capacity averaged 6 percent of total U.S. agricultural output during 1979-85—and 13 percent for wheat, feed grains, soybeans, and cotton. This inefficient use of resources was mainly caused by prices' being supported above market-clearing levels, and consequent export market losses.

Agricultural Economy

There are signs that the farm sector's debt-to-asset ratio, which worsened from 1982 to 1985, may stabilize during the next 2 years. The ratio is widely used to measure the long-run financial strength of individual farms and the farm sector as a whole. (Because farm assets and liabilities are much greater than net cash income in any one year, an increase or decrease in annual income does not usually change the debt-to-asset ratio substantially.)

The ratio rose from 20.8 percent in 1982 to 24.9 percent in 1985, as large declines in real estate values worsened the financial position of many farmers, even though their debts did not increase.

Interest Expenses And Debt Dropping

Two stages in the farm sector's adjustment to the economic conditions of the 1980's are already evident. First, interest expenses and debt leveled off during 1983 and 1984. Second, the two began to drop markedly in 1985 and have continued falling in 1986.

Still, many farmers are not able to meet their debt obligations, and financial adjustments in the farm sector are continuing:

- While farm debt fell by about $4-$5 billion during 1983 and 1984, it may decline another $15-$18 billion during 1985 and 1986.
- Interest expenses in 1986 may total $4 billion less than in 1984.
- Real estate values are projected to decline at a much slower rate in 1986—perhaps one-third the rate of 1985. A recent survey suggests land prices are now stabilizing in several of the Corn Belt States.
- Net cash income is record-high in nominal dollars. Estimated at $44-$45 billion for both 1985 and 1986, it is providing cash flow to help pay down debts and shore up asset values.

How much more adjustment has to occur can be gauged by examining the relationship between the ratio of debt to assets and the ratio of interest expense to income.

Asset's Market Value Based on How Its Earnings Stack Up

An asset's market value reflects the amount of money that can be earned from the asset over time. For land, which does not depreciate, this value can be estimated by dividing the annual net income from the asset by the current interest rate. The interest rate also indicates the rate of return that can be earned on money in an alternative investment (the capitalization formula).

For example, an acre of farmland generating net cash income of $70 might be valued at $700 per acre if interest rates were 10 percent. If interest rates were lower, the alternatives to investing in farmland would be less attractive, and investors would be willing to bid the price of land higher. If interest rates were 5 percent, for instance, investors could pay $1,400 for an acre of land earning $70 per year and still earn the same return as on an alternative investment.

Algebraically, since the value of an asset can be estimated by dividing the net income from the asset by the interest rate, the debt owed on the asset, divided by the value of the asset (debt-to-asset ratio), will equal the interest expense on the debt, divided by the income before interest from the asset (interest expense-to-income ratio) (see box).

How the Capitalization Formula Works

The capitalization formula for the value of an asset (A) when net income (Inc) is capitalized by an interest rate (r) is A=Inc/r. This assumes the rate of return is equal to the interest rate. Dividing by debt (D) owed on the asset gives

$$\frac{A}{D} = \frac{Inc}{(r)(D)} \quad \text{or} \quad \frac{A}{D} = \frac{Inc}{Int}$$

since (r) (D) is interest expense (Int). The formula can be written as

$$\frac{D}{A} = \frac{Int}{Inc}$$ **after it is inverted.**

Thus, in equilibrium, the ratio of debt to assets would be equal to the ratio of interest to income.

For nearly 40 years, these ratios for the U.S. farm sector were steadily converging. In 1975, both were equal to 17 percent. After 1975, though, the normal relationship inverted, due to rapidly escalating debt and interest rates. The interest expense-to-income ratio rose as high as 35 percent during 1980-84, compared with a debt-to-asset ratio near 20 percent.

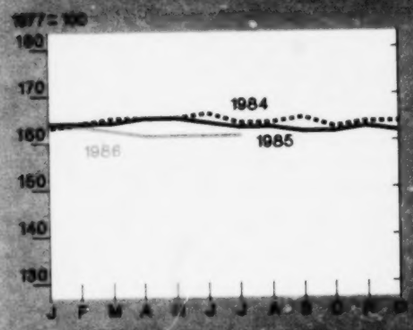
Two Ratios May Be Approaching Equilibrium

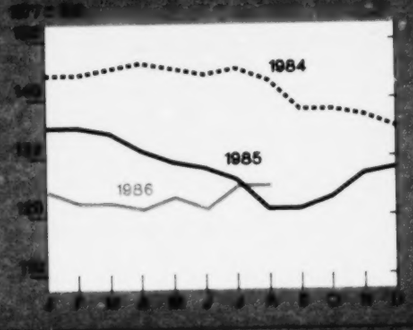
The stabilization of the debt-to-asset ratio in 1986 at about 25 percent, following 6 years of increases, and the downward trend in the interest expense-to-income ratio suggest that the two ratios may reach equilibrium in 1987 or 1988, with both around 24 percent. This means that the debt-to-asset ratio for the farm sector may not rise any further. Within 1 to 2 years, the return on the agricultural sector's assets may equal the average interest paid by agricultural borrowers.

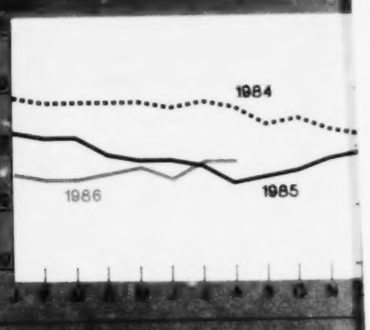
Another good sign is that the current period—when interest expenses as a proportion of farm debt exceed cash income as a proportion of farm assets—may be ending. Before 1975, farmers had a strong financial incentive to borrow, since the return on farm assets exceeded the cost of debt. From approximately World War II until the late 1970's, successful farmers often included those who aggressively borrowed to expand.

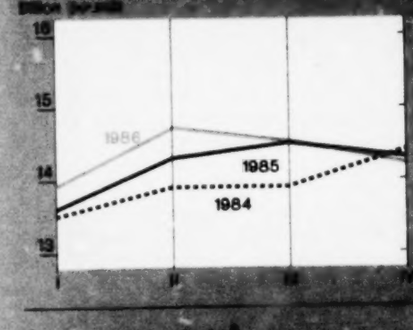
During the early and mid-1980's, the cost of debt exceeded the return on assets in farming. As a consequence,

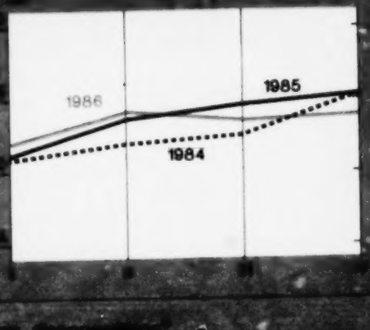
Prime Indicators of the U.S. Agricultural Economy

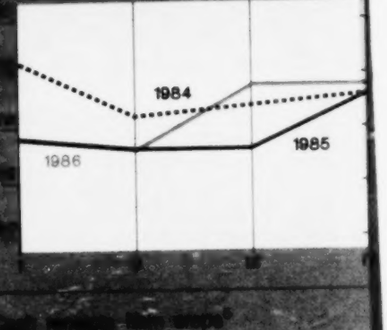


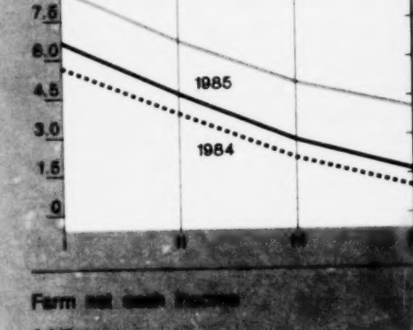


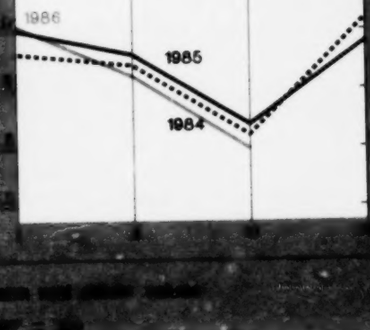


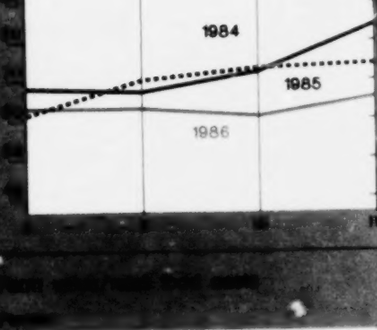


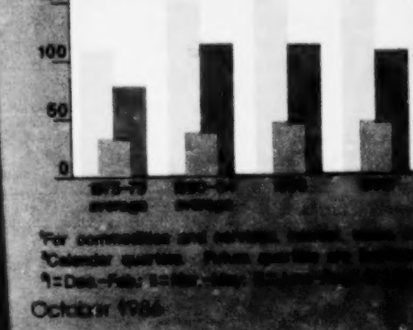


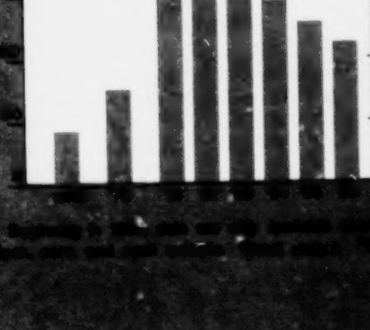


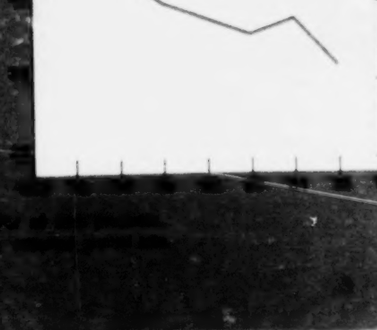






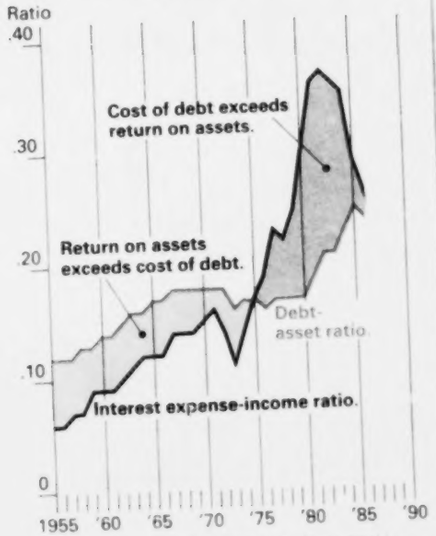






October 1986

Since 1975, U.S. Farm Earnings Have Not Covered Cost of Debt



Ratios calculated for total U.S. farm sector.

farm asset values are being forced lower and farmers are reducing their debts. The convergence of the debt-asset and interest expense-income ratios will probably not signal a new era of increased borrowing. However, the pressure on the farm sector to lessen asset values and reduce debt loads could abate.

One question arises: Are we likely to see a gap between the two ratios developing again, as in the 1950's and 1960's? Probably not; the use of credit in agriculture and in the U.S. economy has changed, in several ways:

- Cash expenses in agriculture increased sixfold from the mid-1950's to 1975, and this higher level of purchased inputs requires the use of more credit.
- Farms are bigger and more complex technologically; large specialized buildings and machinery are seldom purchased without a loan.
- Attitudes toward the use of debt have changed; commercial-size farmers no longer expect to operate without credit.
- Variable interest rate loans, lines of credit, and principal repayment terms have changed to make borrowing easier.

Because of these changes in the structure of the farm economy, interest expenses as a proportion of net cash income are likely to remain larger than before 1975. Therefore, the former spread between the debt-asset and interest expense-income ratios will probably not recur.

The continuing falloff in interest expenses and debt has moved agriculture significantly toward financial equilibrium. The $20-$22 billion decrease in farm debt during 1983-86 indicates that as much as two-thirds of the needed adjustment may be completed by the end of this year. By the end of 1986, farmers may have completed 4 years of perhaps a 6-year debt-reduction process. In the next year or two, the debt-asset ratio may decline as cash income remains high and production expenses low. *[Greg Hansen (202) 786-1807]*

LIVESTOCK HIGHLIGHTS

Cattle

Forage supplies are abundant though much of the country. Even in the Southeast, which suffered a severe drought this summer, prospects are improving, particularly for the region's now-reduced cattle inventory. Under normal weather conditions, national forage capacity can support 115 to 118 million head. In 1982, the cattle inventory was 115.4 million head; at the beginning of 1986, it was down to 105.5 million; and by the beginning of 1987 it likely will have declined to about 102 million. Thus, pasture and range acreage available per head has expanded dramatically.

Normally, with the end of drought such as the one in the Great Plains in 1983-84, producers would begin to expand their beef herds to utilize this excess forage acreage. However, with poor returns, financial difficulties, and only modest incentives likely ahead for the next several years, cattle numbers may only stabilize.

The current large underutilized forage base represents a means of reducing production costs, selling more pounds of stocker-feeder cattle, and providing more of a cushion during periods of drought and reduced forage supplies. Although supplemental hay feeding in the Southeast was heavy this summer, forage supplies for the entire United States should be more than adequate for the reduced cattle inventory. Hay stocks on May 1 increased for the second consecutive year from the low reached in 1984 after 2 years of drought. Hay production this year is projected at a record 153.4 million tons. Farm prices for hay in August averaged $58.30 a ton, compared with $66.70 a year ago.

Grazing conditions in the United States on September 1 were better than a year ago and better than the 10-year average for this date. Even in the dry Southeast the outlook has improved. Recent rains and cooler weather there will improve pasture prospects somewhat. Additionally, moisture is available to get the critical small grain pastures established for fall and winter grazing in these warmer climates.

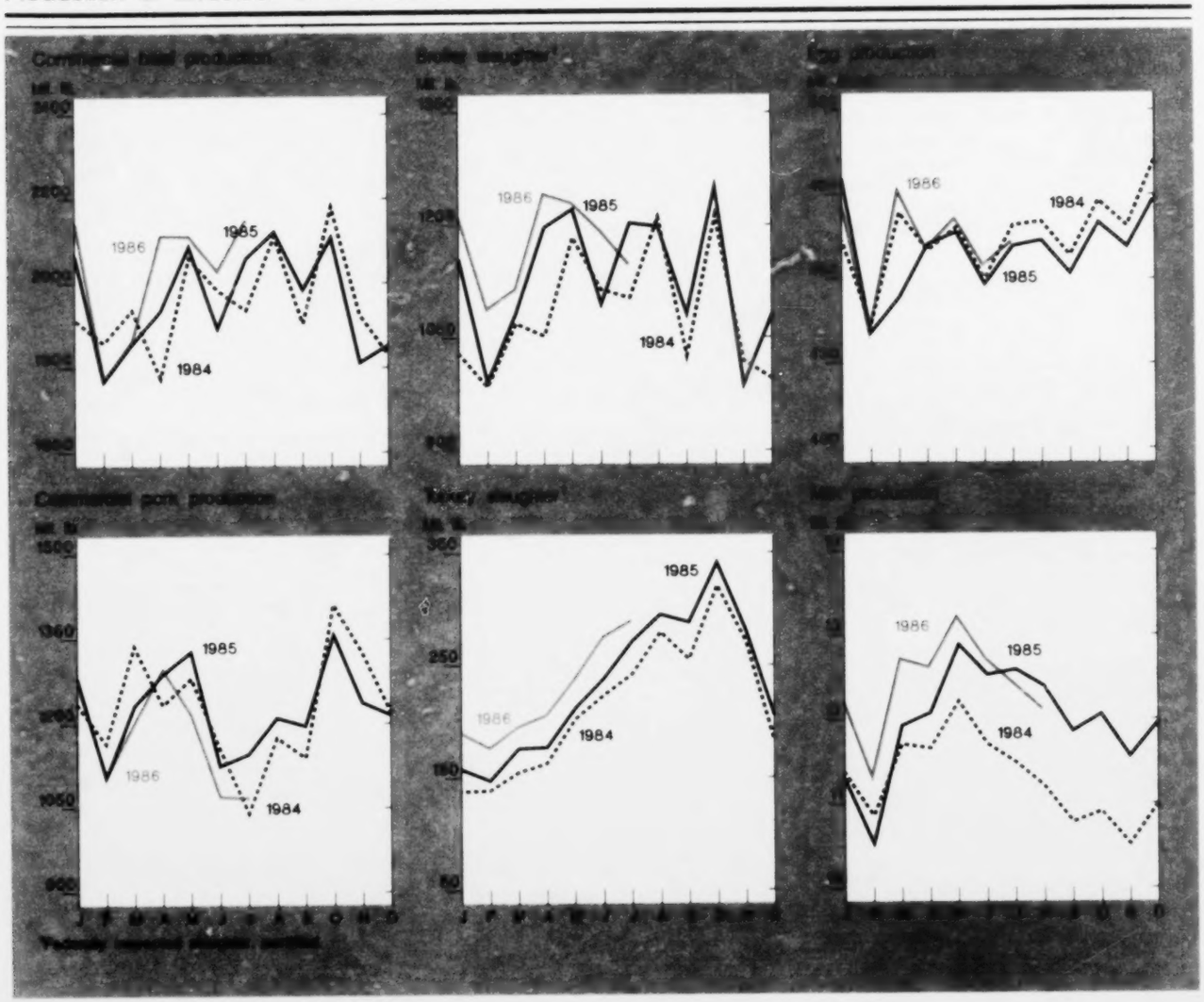
Planting conditions for this year's winter wheat crop in the High Plains should also be ideal to get the crop germinated early with good growth for stocker cattle. In mid-September, 15 to 19 percent of the crop had been planted in the major wheat growing States of Kansas, Oklahoma, and Texas, compared with normal progress of 10 to 12 percent.

Consequently, with sharply lower grain prices than a year ago and nearly ideal grazing prospects this fall, demand for the smaller supply of stocker-feeder cattle for further growth on pasture or immediate feedlot placement should be very competitive.

For the last couple of years, many cattle producers have held their weaned calves or stocker cattle longer in an effort to market more pounds of stocker cattle. This has resulted in cattle being placed on feed at heavier weights. These cattle are consequently being fed for somewhat shorter periods, but they are being marketed at near-record slaughter weights.

Although the number of cattle on feed from mid-1985 through August 1 was well below a year earlier, fed cattle marketings remain fairly large, as the heavier placement weights result in a faster marketing pace. With only a modest increase in the rate of heifer retention expected over the next several years, and with continued excess grazing acreage, supplies of heavier stocker cattle are expected to support large fed cattle marketings for the next couple of years.

In spite of near-record marketings, near-record and record feedlot placements in July and August, respectively, are resulting in a buildup of cattle



on feed, particularly in the North Central States. Still, the number of cattle on feed in the 7 monthly reporting States on September 1 was the fourth lowest since this series began in 1972. *[Ronald Gustafson (202) 786-1830]*

Hogs

Hog prices at the 7 markets averaged $63 per cwt in August, and the Omaha corn price averaged $1.61 per bushel. As a result, the hog-corn price ratio in August was 39 to 1, exceeding July's record 30 to 1. Hog prices have trended upward since mid-April, when they were just under $40 per cwt.

The high hog prices this summer partially reflected a 10-percent decline in federally inspected slaughter, according to preliminary data for the first 9 weeks of the season. Slaughter is running below indications from the June 1 market hog inventory and the December-February pig crop (which provides most of the summer slaughter hogs). The June inventory of market hogs weighing 120-179 pounds was down 2 percent from a year earlier. As a proportion of this inventory, federally inspected slaughter during the first 7 weeks of the third quarter was 114 percent, compared with 122 a year ago and a 1981-85 average of 117.

The June inventory of market hogs weighing 60-119 pounds was down 5 percent from a year earlier. Federal inspection data through September 18 suggest that the slaughter in the last 6 weeks of the quarter will be about 81 percent of that inventory, compared with 86 percent in 1985 and an average of 82 in 1981-85.

The December 1985-February 1986 pig crop was 1 percent higher than a year earlier. Third-quarter commercial slaughter is projected at 18.8 million head, 98 percent of the pig crop, compared with 108 percent last year and a 5-year average of 103.

The low third-quarter slaughter raises the question: Are hogs backlogged, or are producers holding back animals to increase their breeding herds? Barrow and gilt weights at the 7 markets through mid-September were averaging near a year earlier, suggesting that marketings are current.

Retail pork prices averaged $1.83 a pound in July, up 10 percent from June and the highest monthly price since February 1983. Further increases are likely.

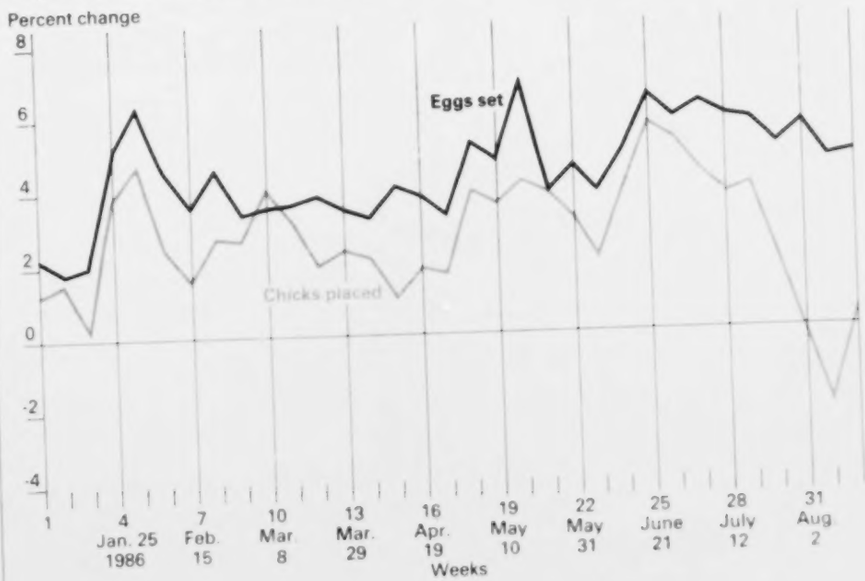
The hog price outlook depends in part on how consumers react to the sharply higher retail prices. Hog prices are expected to slip seasonally as slaughter increases this fall, but they will stay firm because of lower total pork and beef production.

However, sharply higher poultry production and some increase in pork imports will temper price gains. In addition, if consumers shift their meat purchases to more beef and poultry, avoiding pork because of the sharp price rise, hog prices will be pressured downward. *[Leland Southard (202) 786-1830]*

Hog Slaughter as a Percent of Inventory

Year	June 1 120–179 lb. market hogs	F.I. slaughter 1st 7 weeks 3rd qtr.	Slaughter as percent of inventory
	1,000 head		Percent
1979	9,197	11,076	120
1980	9,787	10,708	109
1981	9,047	10,200	113
1982	8,267	9,518	115
1983	8,879	10,641	120
1984	8,111	9,430	116
1985	8,245	10,075	122
1986	8,055	9,142	113
Avg. 1981–85	8,510	9,973	117

August Decline in Egg Hatchability Will Mean Fewer Broilers by Mid-October



Broilers

Broiler producers' returns will likely continue favorable during the remainder of 1986. With falling harvesttime corn prices, production costs will probably decline.

Based on chicks hatched that could be slaughtered in the third quarter, production of broiler meat from federally inspected plants was likely up 4 percent from last year. The hot weather in the Southeast cut weight gains in that area, leaving average national slaughter weights near or slightly below last year.

Favorable returns, reduced pork supplies, expected lower corn prices, and strong restaurant demand suggest that producers should continue production near full capacity. Producers have been keeping the number of eggs in incubators near record highs in the 12 States reporting weekly.

Egg sets peaked at 112 million per week in May and were down 3 million in August, compared with a 5-million reduction a year earlier.

However, the increase in the chicks placed has not been as large as the increase in eggs. For the week ending August 23, chick placements showed no change from last year, even though 6 percent more eggs had been set for these placements. This means that the heat has affected those eggs' fertility. But, fertility has improved with the September 6 placements, which were nearly the same as last year. Thus, output in the fourth quarter may increase 5 percent.

Prices of whole broilers in the 12 cities were strong this summer. During the second quarter, prices averaged 54 cents per pound, up from 51 cents last year. Strengthened by restaurant demand and concern about the heat, prices during July and August averaged 69 cents per pound, up from 50 last year. Before Labor Day, prices turned down as demand declined seasonally. For the third quarter, prices may average 65 to 68 cents per pound, up from 51 cents last year. In the fourth quarter, prices could average 55 to 59 cents, compared with 50 last year. *[Allen Baker (202) 786-1830]*

Turkeys

Retailers appear to be building stocks of frozen whole turkeys for holiday specials. Stocks on July 31 were 292 million pounds, the second highest volume recorded for that date. Stocks usually peak on November 1 between 350 and 500 million pounds of whole turkey. Cold storage stocks of turkey parts were at record levels on July 31.

Output of turkey meat from federally inspected plants in second-quarter 1986 was up 14 percent from 1985. Based on turkeys placed during June, July, and August, output during the third quarter will be 12 percent above last year. Weights of young turkeys slaughtered during July were down 1 percent, possibly because of the hot

weather. Still, the heat's impact appears to be small for turkey producers. Output in the fourth quarter may be up 15 percent from a year ago.

Prices for commodity-pack hen turkeys in the Eastern region during the second quarter averaged 69 cents per pound, up from 65 cents last year. Strong demand for turkey, both from retailers securing supplies for this fall and from firms processing turkey products, boosted prices in the third quarter. Third-quarter prices may average 79 to 81 cents per pound, up from 78 cents in 1985.

The level of stocks in August suggests supplies may be lined up early this year—a price-weakening factor for the fourth quarter. The latest hog report suggests smaller ham supplies than a year ago for holiday meals and fourth-quarter parties—a price-strengthening factor for turkey. Thus, even with large supplies, prices in the fourth quarter may average 88 to 92 cents per pound, about the same as last year. *[Allen Baker (202) 786-1830]*

•Eggs

Egg producers likely received favorable returns in the third quarter because of stronger prices. With estimated net returns also above costs in the first half of 1986, producers are expected to have favorable returns for the year as a whole.

Prices of cartoned Grade A large eggs in New York averaged 63 cents per dozen in second-quarter 1986, up from 60 cents last year. With reports of heat-induced bird deaths and lower egg production, prices during July and August averaged 73 cents per dozen, up from 65 last year.

Exports of egg products have been above last year and likely have helped strengthen prices. Foreign demand will probably continue strong because the U.S. dollar is weaker, particularly in relation to the Japanese yen. With an increase in production, fourth-quarter prices may average 68 to 72 cents, down from 76 last year. Demand will be lower seasonally in first-quarter 1987, so prices then may average 63 to 67 cents per dozen, down from 74 in 1986.

The number of layers on farms continues above last year. During July there were 1 percent more hens on farms than in July 1985. Favorable returns have encouraged producers to add pullets. Replacement pullets for the third quarter were up 13 percent from last year. In the fourth quarter, replacement pullets will be 8 percent above 1985. Slaughter of old hens has been up, offsetting some of the increased replacements.

Since the rate of lay has been nearly the same as last year, increases in egg production have resulted from larger flocks. Heat in the Southeast cut July's rate of lay below last year for Georgia, Mississippi, North Carolina, and South Carolina (the rate was up in Alabama). However, total egg production was up in all these States except Mississippi, because of more birds.

Egg production in third-quarter 1986 likely was 1 to 2 percent above 1985. The stronger prices will probably encourage keeping older hens for additional production. Lower feed costs in the fourth quarter are expected to encourage additional production—possibly 2 percent above last year. A similar increase could occur in first-quarter 1987 if returns remain favorable. *[Allen Baker (202) 786-1830]*

•Dairy

The Dairy Termination Program (DTP) pulled summer milk production below a year earlier, the first decline since early 1985. Output in the 21 States that report monthly was down 2 percent in August, following a 1-percent decline in July. Because of the DTP, cow numbers in August were 4 percent below the start of 1986 and 3 percent less than a year earlier.

Output per cow in July-August was only about 1 percent above a year earlier. However, this relatively small increase resulted from exceptionally strong milk per cow during the summer of 1985—not a weakening in 1986.

Milk production during the rest of 1986 and the first half of 1987 probably will run 2-4 percent below a year earlier. The 1986 total will probably be about 1 percent above 1985's 143.7 billion pounds. However, 1987 production may be 1-3 percent below 1986.

Expansion of milk production by non-DTP farmers is expected to be modest. Returns over concentrate costs will be only slightly higher than the reduced levels of 1986, limiting the incentive to expand cow numbers. On the other hand, the milk-feed price ratio will be conducive to heavy grain feeding per cow and continued strong growth in output per cow.

The ratio of replacement heifers to milk cows on July 1 was the lowest for that date since 1981. This may ease some of the upward pressure on cow numbers, although heifer numbers have not been an effective limit on herd size in recent years. *[James Miller (202) 786-1830]*

CROP HIGHLIGHTS

•Wheat

Despite the smallest U.S. harvest in 7 years, a record 4.03 billion bushels will be available during 1986/87. Increased carryin stocks and the expected near-record Hard Red Spring crop will overshadow reduced Hard Red Winter output, resulting in 3 billion bushels of bread wheat. At the same time, soft wheat stocks will decline 6 percent from last season because of the short Soft Red Winter crop. Durum supplies will represent about 2 years of normal domestic use and exports.

The outlook for wheat use is more favorable this season, since prices are at their lowest in 8 years. Export activity is expected to rise 25 percent from the low 1985/86 level, but total exports will still likely be the second smallest since 1978/79. As expected, some countries delayed purchases in the last two quarters of 1985/86 until lower 1986 prices were offered. In the first quarter of the June-May 1986/87 year, commitments totaled 40 percent of the 12-month forecast.

Low prices should also help domestic use increase slightly from 1985/86's volume, including wheat feeding. Total disappearance during 1986/87 is expected to exceed production, leaving reduced but still large old-crop stocks going into 1987/88.

Foreign wheat production is projected to reach a record 448 million tons. Despite reduced output in the EC and Australia, production of the major foreign exporters is likely to rise about 5 million tons. Area and yield are both forecast at records. Canada's crop of 31 million tons is a record, and over one-fourth larger than 1985/86. A recovery in yields is expected to lead to a 1-million-ton gain in Argentine production.

Drought has reduced crop prospects in France, Germany, and Spain, while

conditions have generally been favorable in the United Kingdom. Overall EC-12 production is forecast at over 70 million tons, down almost 1.5 million from 1985/86 and 13 million below the 1984/85 record. While domestic consumption and exports are expected to draw stocks down slightly, they will be almost twice as large as 1983/84 ending stocks.

Wheat production among the major importers is mixed. In aggregate, it will fall around 3 million tons, 1 percent. China's outturn is almost identical to the 1984/85 record. Its wheat imports remain forecast at 7 million tons, slightly higher than 1985/86 but far below the average of the early 1980's.

High temperatures and limited rainfall throughout much of the European USSR this season have reduced Soviet yields. At the same time, area is also reduced, continuing the trend of the last several years. As a result, the Soviets appear headed for a sixth consecutive year of poor production. Soviet 1986/87 wheat imports are forecast at 19 million tons, up from 16 million a year earlier, but well below the record 28 million imported in 1984/85.

A push to increase food production is expected to lead to much larger wheat planting in Brazil. The crop is expected to total 4.3 million tons, about the same as last year but double 1984/85. Except for Tunisia, larger wheat crops are expected in North Africa. *[Allen Schienbein (202) 786-1840 and James Cole (202) 786-1691]*

●*Rice*

Based on September 1 conditions, the 1986 U.S. rice crop is forecast at 127.5 million cwt, down 6 percent from last year. Excluding 1983, the PIK year, this would be the smallest production in nearly 10 years. The expected cut in production results entirely from fewer acres harvested. Yields are not expected to be much above the record established last year.

Harvested acreage is estimated at 2.33 million, 7 percent below a year ago and 38 percent below the 1981 peak. All States reduced acreage in 1986, with California, Texas, and Louisiana cutting the most.

Yields may average 5,463 pounds per acre, slightly above last year's record. Texas yields may show a 9-percent increase, while yields in Arkansas, Mississippi, and Missouri likely will decline. Hot, dry weather in Arkansas and Mississippi during the critical flowering stage, combined with occasional periods of unusually heavy rain, may have severely affected yields. Blast and sheaf blight problems have also been reported in some regions.

The August 28 rice stocks report indicated that ending stocks on August 1, had reached 77 million cwt. This is a 19-percent increase over a year earlier. However, increased millings at the end of the marketing year reduced stocks substantially below previous forecasts. Expanded exports will likely cut 1986/87 ending stocks sharply.

Market prices for 1985/86 averaged $6.72 per cwt. For 1986/87, the market price is expected to vary with the world price and range between $3.20 and $4.00.

Global 1986/87 rice production is forecast at a record 320 million tons (milled basis), slightly higher than 1985/86 and about equal to 1984/85. With world consumption expected to be up more than 6 million tons (2 percent), there will be a slight drawdown in stocks.

Weather conditions support projections of large 1986/87 crops in China and India, the two major rice producers. While neither country's forecast is a record, production for China, at almost 122 million tons (milled basis), is about 4 million above 1985/86's weather-damaged crop. India's crop may decline slightly but remain large.

Production among the major rice importers is expected to be about the same as last year, as larger Nigerian production offsets a continued decline in South Korea. Largely because of continued high production, imports are forecast to fall marginally from last season and be down 73 percent from 1984/85. Production for the major exporters (Burma, Pakistan, and Thailand) is expected to total 25.6 million tons, slightly above 1985/86.

U.S. trade prospects for calendar 1986 and 1987 continue to be promising, with volume and market share both likely to be bolstered by sharply lower U.S. export prices. Sales are forecast at 2.2 and 2.6 million tons for 1986 and 1987, respectively. While still below the 3-million-ton record in 1981, exports in 1987 are expected to be 36 percent above 1985.

U.S. market share is projected to increase from about 17 percent in 1983-84 to 22 percent in 1987. Since total world trade in 1987 is expected to drop about 300,000 tons (3 percent) from 1986, the larger U.S. exports will have to come at the expense of the major exporters. Record Thai exports in the first half of 1986 should result in total 1986 exports of 4.2 million tons, up 5 percent. However, aggressive U.S. sales are expected to force 1987 Thai exports back to 1985's 4 million tons.

Pakistan's, Australia's, and Taiwan's exports are also expected to drop in the face of renewed U.S. competition. Indonesia, the world's largest importer in the 1970's, has been faced with large surpluses in recent years and exported 300,000 to 400,000 tons in 1985 and 1986. Its exports are expected to drop sharply in 1987. *[Janet Livezey (202) 786-1840 and James Cole (202) 786-1691]*

●*Feed Grains*

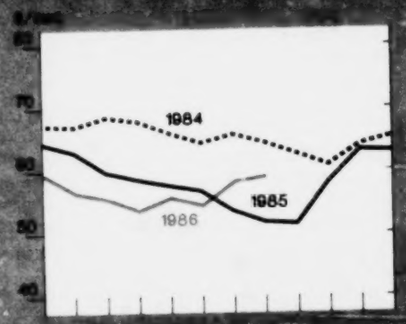
Although the 1986 feed grain program helped to hold plantings to 120 million acres, the U.S. crop is forecast at 252 million metric tons, down only 8 percent from last year's record and the second largest ever. Corn is forecast to supply about 83 percent (8.3 billion bushels) of the total, while about 9 percent (873 million bushels) is sorghum. Following record production in 1984 and an excellent harvest in 1985, the barley crop should reach a new high of 626 million bushels. The oat crop, however, is down 20 percent from last year.

Domestic disappearance is expected to remain nearly static, as feed use declines and food, seed, and industrial (FSI) use edges upward. Midyear cattle and hog inventories were the smallest since records began in the early 1970's. Also, the Dairy Termination Program is reducing dairy cattle inventories. The only sure growth market for feed appears to be in poultry production, which continues to grow 5 percent or more a year.

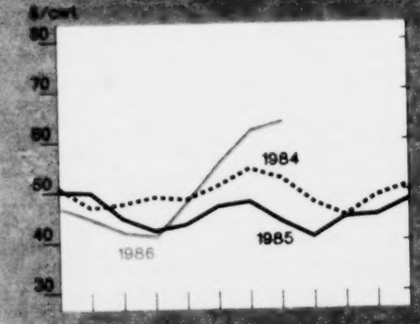
Other domestic use of feed grains is forecast at 35 million metric tons, up 2 percent from 1985/86. For corn, FSI disappearance will advance 20 million bushels to 1.15 billion, as demand for sweeteners, ethanol, and other products continues to grow. However, the expected 2-percent rise is greatly reduced from growth rates of the early 1980's. Use of high fructose corn syrup is approaching saturation for soft drinks and other food products, while

Commodity Market Prices

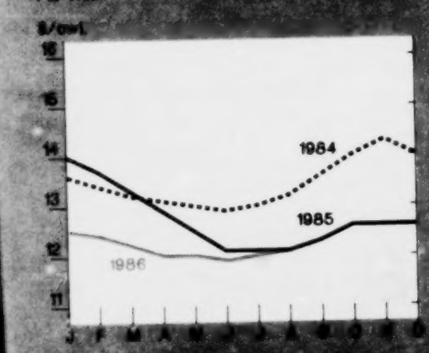
Choice steers, Omaha



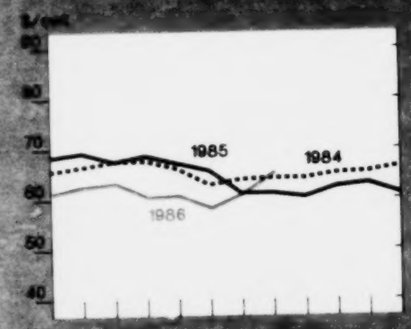
Barrows and gilts, 7 markets



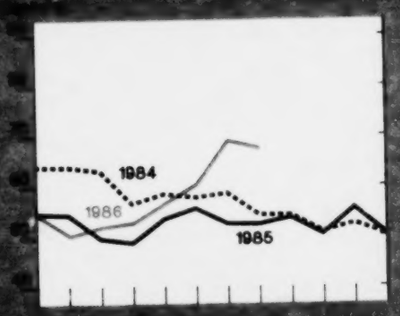
All milk



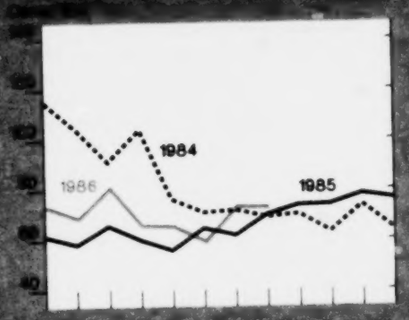
Feeder cattle, Kansas City



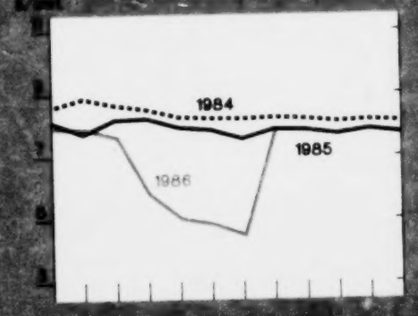
Barrows and gilts, 8 markets



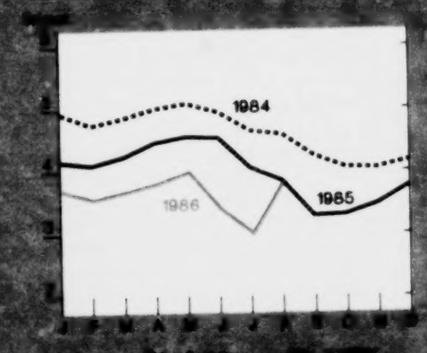
Eggs, New York



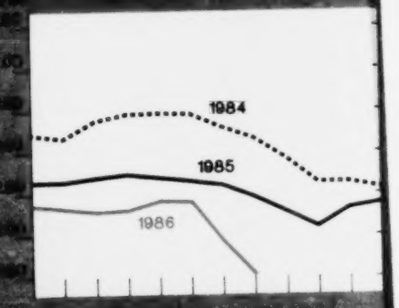
Rice (rough), Std Louisiana



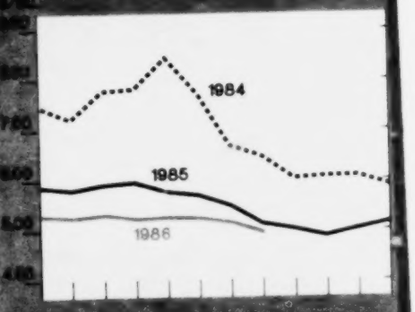
Soybeans, Kansas City



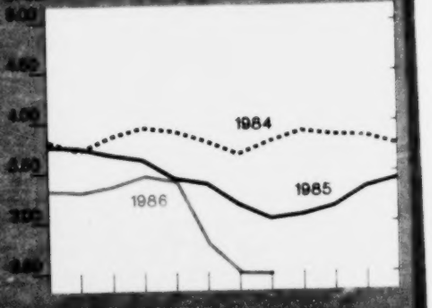
Corn, Chicago



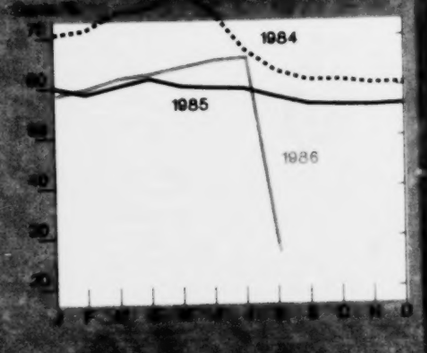
Soybeans, Chicago



Wheat, Kansas City

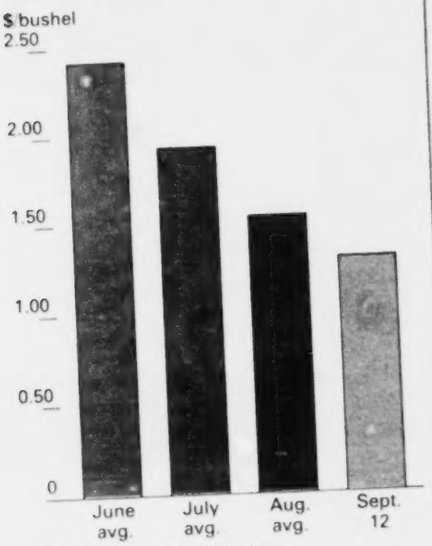


Cotton, average spot market



October 1986

Generic Certificates Pushing Corn Prices Down



No. 2 Yellow, central Illinois.

low petroleum prices and perceived gasohol quality problems have kept growth in ethanol demand slow.

Total disappearance of corn in 1986/87 is expected to increase by nearly half a billion bushels to nearly 7 billion. However, with an anticipated 1.8-billion-bushel increase in supply, carryout may climb 1.3 billion bushels to a record 5.3 billion. At projected use rates, the carryout is more than three-fourths of a year's use. Large stocks will hold down corn prices beyond 1986/87 unless a crop disaster or other unforeseen event cuts world grain supplies.

Global coarse grain production for 1986/87 is forecast at 822 million tons, second only to the 1985/86 record. While poor weather has depressed yields in several important corn- and barley-producing countries, total foreign production will be about the same as last year.

With its large reductions in corn and sorghum areas, the United States is making most of the world's adjustments to the lower prices and large stocks now facing coarse grain producers. Despite the lower production, global inventories are expected to increase to record levels by year's end.

World coarse grain trade in 1986/87 is projected to rise by about 12 percent in response to lower export prices and delayed summer-quarter purchases, but trade will fall well short of the 1984/85 and 1980/81 record. Larger U.S. exports will account for nearly all of the increase; foreign shipments are expected to increase slightly.

Coarse grain production in 1986/87 among the major foreign exporting countries (Argentina, Australia, Canada, South Africa, and Thailand) is up from a year earlier, at 66 million tons. This year's biggest development is in Canada, where barley yields have benefited from favorable weather, pushing coarse grain production 8 percent to a record 27 million tons. Even though Canadian barley exports are forecast to increase somewhat in 1986/87, production gains will be larger—boosting ending stocks to a record 4 million tons.

Dry and hot summer conditions across much of the European Soviet Union hampered yield potential (and aided harvesting) for many spring grains, including barley and corn. As a result of this seventh consecutive below-par grain crop, USSR imports are expected to be 16 million tons in 1986/87, up 3 million from last season, but still well below the record 27 million imported in 1984/85.

China's coarse grain exports (corn and sorghum) have remained high, and 1986/87 shipments, forecast at 6 million tons, will exceed the previous year. Most of these sales will likely go to the Soviet Union, but China will continue to sell to other traditional U.S. markets in the Far East, such as Korea and Japan. *[Dave Hull (202) 786-1840 and James Cole (202) 786-1691]*

●*Oilseeds*

World oilseed production and crush are both projected to rise modestly during 1986/87, while trade is likely to remain about the same as last year. Ending stocks of oilseeds will rise. Palm oil will continue to lead the expansion of oil production, maintaining downward pressure on soybean oil prices. Modest increases in protein meal production and consumption are also expected.

The global 1986/87 oilseed crop is expected to total a record 197.5 million tons, about 1 percent above 1985/86. Record world soybean, peanut, and rapeseed crops are forecast. A recovery of Southern Hemisphere soybean production is likely to more than offset a smaller U.S. crop, boosting world soybean production 1.6 percent to 97.8 million tons.

Rapeseed production will continue to gain this year, largely on the strength of record Canadian, Indian, and Chinese crops. Gains in these countries have more than offset a smaller crop in Western Europe. Excellent weather has boosted this year's Canadian crop 11 percent to an estimated 3.9 million tons. World rapeseed production has nearly doubled, rising from 10.1 million tons in 1979/80 to 19.8 million this year.

The 1986/87 peanut crop is projected at a record 21.6 million tons, up nearly 6 percent from last year. A 1.1-million-ton gain in India's crop accounts for much of the increase. Crops in other major producing countries, with the exception of the United States and Senegal, are also expected to be larger this year.

Somewhat smaller crops of cottonseed and sunflowerseed are projected for the year. Cottonseed output is down in most major producing countries. Production is expected to fall from 30.4 million tons in 1985/86 to 28.7 million this year because of a combination of reduced area and poor weather. The 1986/87 sunflowerseed crop is projected at 18.6 million tons, slightly below last year's record. Domestically, the September 11 Crop Production Report put the 1986 U.S. soybean crop at 1,980 million bushels.

Strong soybean meal export movement has kept crush relatively high through August, but crushers are buying only to satisfy immediate demand. Meal export movement in 1985/86 has been brisk as a result of poor crushing margins in Europe and a smaller-than-normal South American crop.

Europe is importing meal rather than beans because the vegetable oil market is oversupplied. U.S. prices for soybean oil have been low all season and have fallen to 14.2 cents a pound in August from a low average of 16.2 cents a pound (Decatur, Ill.) in July. The upcoming marketing year is not likely to offer any price relief. *[Frederic M. Surls (202) 786-1691 and Roger Hoskin (202) 786-1841]*

●*Cotton*

World cotton stocks are projected to fall 2.8 million bales during 1986/87. This is the beginning of an adjustment process that will take several years to complete. Lower production and a modest increase in consumption will

both contribute to the decline. Production should fall by 6 percent to 74.1 million bales, largely because of low prices. Consumption may rise 3 percent to a record 76.5 million bales. World cotton trade is projected to increase 10 percent to 22.4 million bales for the year.

Most of the 1986/87 stock adjustment will occur in the United States. Foreign stocks at the end of 1986/87 are projected to remain about the same as last year. Stock will rise in several producing countries; the largest accumulations are projected for India and Pakistan.

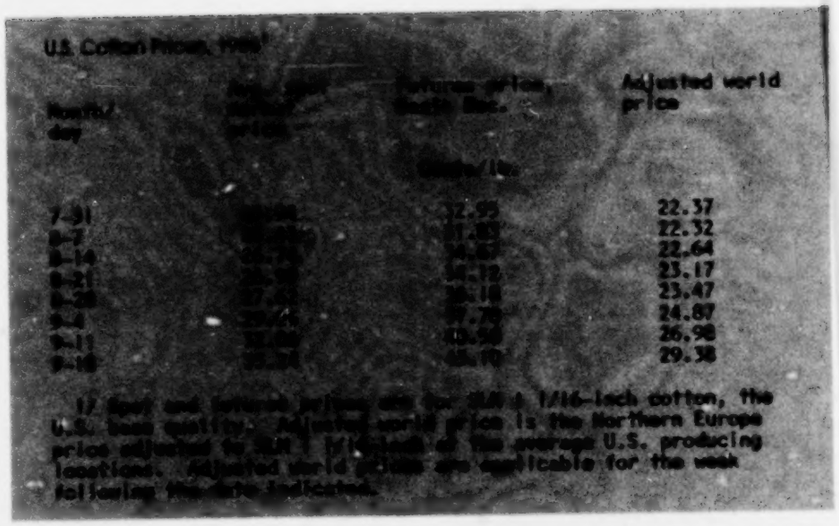
Foreign exporters' production is projected to be down 1.4 million bales, with consumption up slightly. But greater U.S. competition has cut foreign exports substantially—nearly 2.5 million bales.

Importers' production will be about unchanged, while consumption will rise by about 5 percent. The 1-million-bale consumption gain in the importing countries is the largest increase registered during the 1980's. This means more than 1 million bales of additional imports for the year. Asia and Western Europe are expected to increase purchases more than 500,000 bales each, or 6.5 and 10 percent respectively. Eastern Europe is projected to add over 150,000 bales.

Mill use in the United States was an estimated 6.4 million bales in 1985/86, and may total 6.8 million this season. Increases in cotton mill use likely will come at the expense of manmade fibers. In August, polyester staple prices were quoted at 62 cents a pound at producing plants. Average spot market prices for base-quality cotton fell from 66 cents on July 31 to 26 cents the following day, when the new farm bill went into effect.

However, since August 1, the average spot and adjusted world cotton prices have mirrored the rally in new-crop futures. Factors influencing this upward movement in 1986-crop prices are tightness in cotton supplies for nearby delivery, limited availability of first-holder generic certificates, and increasing export sales.

There have been several recent developments with respect to U.S. textile imports: The Multifiber Arrangement has been extended, the United States has negotiated bilateral trade agreements with several major



exporting countries, and Congress did not override President Reagan's veto of more restrictive import legislation. Meanwhile, textile imports continue to pour into the United States. During January-June 1986, the raw-cotton equivalent of U.S. imports was 2 million bales, 23 percent above the record pace of a year earlier. *[Carolyn L. Whitton (202) 786-1691 and Bob Skinner (202) 786-1840]*

●*Tobacco*

As of September 1, U.S. tobacco production was forecast at 1.22 billion pounds, down 19 percent from 1985 and the smallest crop since 1936. Lower production is the result of smaller acreage, which in turn stemmed from reduced allotments and quotas. Yields also are down because of dry weather.

Of the two major kinds, flue-cured production is down 16 percent and burley 24 percent.

Flue-cured sales began July 29. By September 11, growers had sold about half of anticipated marketings this season, with 5.5 percent of the volume going under loan. Even though the crop is smaller than last year, prices are lower because of reduced price supports. Sales through September 11 averaged $1.49 a pound, about 8 percent below last year. (However, prices after the no-net-cost assessment were 9 cents a pound higher than in 1985.) Reduced prices, along with lower production, will cause cash receipts to fall significantly, but with the sharp drop in the assessment this year, net returns per acre will be off only slightly.

Exports of U.S. tobacco during July 1985-June 1986 were down 1-1/2 percent from a year earlier. The decline was mainly the result of reduced shipments of flue-cured. Flue-cured shipments fell because of lower cigarette consumption in major importing countries, ample world supplies, and uncertainties about U.S. prices when import commitments were made. The total value of unmanufactured exports fell to $1.43 billion, 6 percent below a year earlier.

U.S. cigarette output this year is expected to decline from 1985's 665 billion pieces. Increased prices, health concerns, and smoking restrictions may cause cigarette consumption to fall 2 percent, lowering the smoking rate among persons 18 and older from 1985's 3,370 cigarettes per capita.

World cigarette production is expected to be up again in 1986. Excluding China, it rose 1.7 percent last year and 1.3 percent in 1984. Before 1984, outside of China, it had been stagnant for several years because of price and tax increases, heightened antismoking campaigns, and recessions in many countries. High prices and health concerns continue to dampen consumption in several developed countries, such as the United Kingdom and the Netherlands. *[Verner N. Grise (202) 786-1840]*

●*Peanuts*

U.S. peanut production in 1986 is forecast at 3,466 million pounds, 16 percent below last year. Harvest is now underway in the Southeast. Based on an estimated regional yield of 2,367 pounds per acre, production for Alabama, Georgia, and Florida is forecast at 2,209 million pounds, down 19 percent

from last year. Supplies of runner-type peanuts will be smaller in 1986/87 because of reduced production in the Southeast and smaller carryin stocks.

Total peanut use for 1985 was 4,732 million pounds, resulting in ending stocks of 817 million. Peanut exports grew for the fifth consecutive year, reaching 1,043 million pounds. Domestic crush was 782 million pounds, the largest in 10 years. *(James Schaub (202) 786-1840)*

●*Fruit & Vegetables*

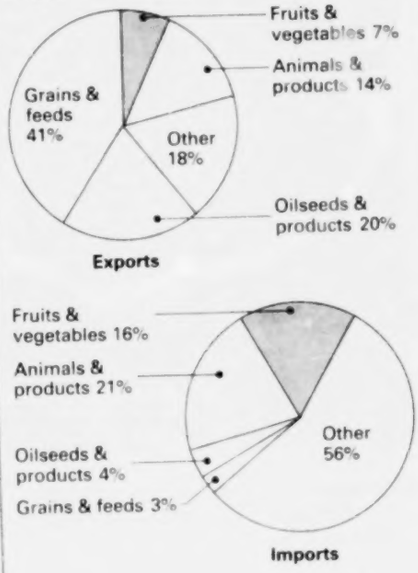
Imports and exports of fruit and vegetables are growing in calendar 1986. In 1985, fruit, vegetables, and products represented 7.3 percent of total U.S. agricultural export value, up 1.3 percentage points from the previous year because of higher total unit value. As of June 1986, fruit and vegetable exports had already reached almost 5 percent of U.S. agricultural export value for the year. Volume was also up over first-half 1985.

Moreover, processed products accounted for almost 35 percent of the total U.S. export value of all fruit and vegetables in 1985, about even with that in 1984. The processed share may rise in 1986 with the help of more favorable exchange rates in key export markets and special export incentive programs for frozen potatoes, canned peaches, and fruit cocktail in several Pacific Rim countries (East Asia, the Indian subcontinent, and Oceania).

Over the past few years these countries have become steady markets for U.S. products. The relaxation of several Japanese quotas has boosted imports of U.S. canned and frozen sweet corn and frozen and dried-dehydrated potatoes. Recently, new markets have also opened up for canned peaches and fruit cocktail in the Philippines, and for frozen french fries in Taiwan. In Taiwan, promotional activities aimed at fast food outlets and home consumers could increase the U.S. market share well above the current 30 percent.

In addition, USDA's $2-million export assistance program for U.S. frozen potatoes in Japan, Hong Kong, Taiwan, Malaysia, and Singapore and the program for canned peaches and fruit cocktail in Japan and Taiwan should aid domestic fruit and vegetable producers. The program, which makes U.S. products more competitive with

Fruit/Vegetable Imports' Share Larger Than Exports'



subsidized EC peaches and cocktails, is designed to help U.S. producers regain the world market share lost in previous seasons and to reduce heavy stocks created by declining domestic consumption.

The United States continues to be a net importer of canned noncitrus fruits, even though the balance of trade narrowed somewhat between the first 6 months of 1986 and the same period a year earlier. Exports of canned noncitrus fruits through June were running about 40 percent above last year's 32.9 million pounds, while imports have dropped almost 30 percent from 108.6 million pounds. Most of the increased export activity is in canned peaches; exports of apricots, berries, cherries, pears, and plums remain about equal with last year.

Almost 44 percent of the 21.1 million pounds of canned peaches and 48 percent of the 17.9 million pounds of fruit cocktail exported through June this year have been to Pacific Rim countries. Canada also remains an important export buyer, but the U.S. dollar has not dropped against the Canadian dollar, so sales to Canada have not received that boost.

Imports of canned noncitrus commodities are lagging last year for all products except plums and prunes, and indications are that imports may not reach the 194 million pounds recorded in 1985. A weakening U.S. dollar, slow movement, and heavy domestic supplies of most noncitrus products in 1986 may slow or reverse the upward trend that imports established over the past several years.

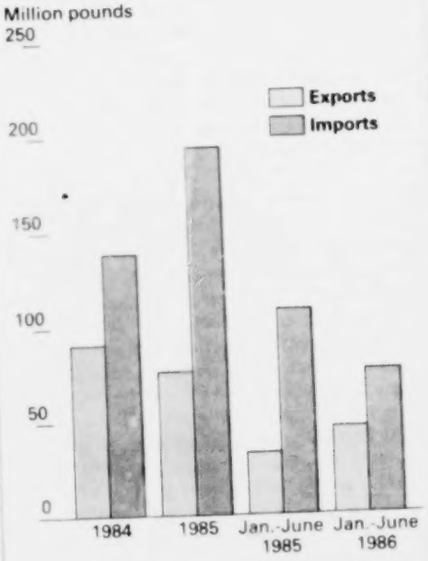
Both imports and exports of processed vegetables are up over 1985—23 and 28 percent, respectively. The near-term export picture is bright for canned and frozen sweet corn, frozen french fries, dried potatoes, and canned tomatoes, while imports remain heavy for canned tomatoes, tomato products, and mushrooms, and frozen broccoli, cauliflower, and potatoes.

Exports of canned corn reached 79 million pounds in June, up 25 percent from the same period last year. Most movement has been to the Pacific Rim countries (24 percent) and the EC (30 percent). Particularly big buyers have been Japan and Germany.

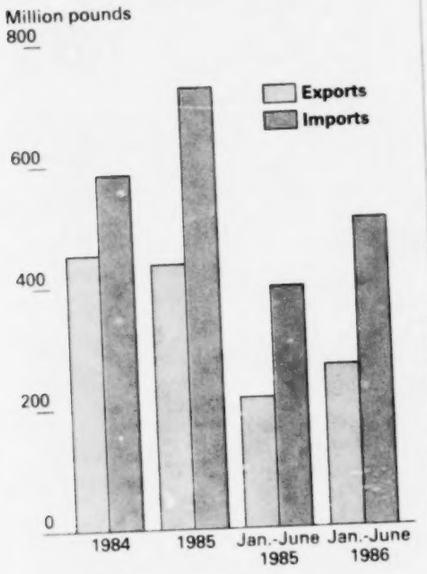
Prospects are good for continued canned corn exports to the Pacific Rim, but increased movement to EC countries is questionable since the EC canned corn pack (excluding Spain and Portugal) exceeded imports for the first time in 1985. U.S. exports to France have dropped since 1983, as France has become a major U.S. competitor in both canned and frozen sweet corn exports.

As the 1986/87 season gets underway for processing tomatoes, production in 11 of the leading producing countries

Canned Noncitrus Fruit Trade This Year Shaping Up Like 1984



U.S. Processed Vegetable Trade Rising



is estimated at 15.4 million tons, 6 percent less than last season. Larger crops are estimated in the United States, Canada, Mexico, and Taiwan. Smaller crops are expected in Italy, Greece, France, Spain, Portugal, Turkey, and Israel. Processors' intended 1986/87 contract tonnage in the United States is 7.2 million tons, about 2 percent above last season.

A large surplus of subsidized canned tomatoes and products in the EC and heavy domestic consumption in the United States suggest that the import/export picture for these commodities will change little from last year. U.S. imports of canned tomatoes, paste, and sauce reached 258.4 million pounds in June, 24 percent greater than June 1985, while exports were only 11 million pounds.

Most of the import increase is in the form of paste and pulp, up 75 percent from the 54.5 million pounds recorded through June last year. Paste imports, mainly from Mexico, Portugal, and Israel, are likely to remain strong in the short term because of greater domestic movement and lower U.S. stocks. Tomato paste can easily be stored in bulk and then converted to catsup, chili, pizza sauce, or other products as the demand arises.

Heading into the 1986/87 season, large domestic stocks of canned tomatoes will likely keep imports about even with last year. As of June, canned tomato imports were only 2 percent above the comparable period last year. Italian canned tomato shipments reached 69.9 million pounds in June, roughly 52 percent of the year's total U.S. canned tomato imports at that date.

Indications are that 1986 imports of frozen broccoli and cauliflower will surpass 1985's 194 million pounds, continuing an upward trend. The trend began during 1984 with declining U.S. production, steady domestic per capita consumption, and increasing use of these commodities in value-added products such as frozen entrees and dinners. As of June, imports were at 149 million pounds, 45 percent ahead of the same period last year. Mexico continues to be the major exporter of both commodities to the United States because of its proximity and cheaper production and processing costs. *[Kate Buckley (202) 786-1770]*

Sugar

U.S. beet and cane sugar production in 1986/87 is forecast at 6.4 million short tons, raw value, up 6 percent from 1985/86. Most of the increase is coming from an anticipated 253,000-ton gain in the beet sugar crop, but cane sugar production is also expected to be up 117,000 tons.

Sugarbeet area for harvest is forecast at 1.23 million acres, 11 percent higher than last season. The average beet yield is expected to be 20.74 tons an acre, 1 percent higher than last year. U.S. sugarbeet production in 1986/87 is estimated at 25 million tons, up 12 percent and the largest crop since 1981/82. Based on the previous 5-year average sucrose recovery of 13 percent, beet sugar production for 1986/87 would be near 3.25 million tons, raw value, up 8.4 percent from last year.

Total U.S. sugarcane area for both processing and seed is estimated at 801,400 acres, up 4.1 percent from last year. A 10-percent acreage increase in Louisiana accounted for most of the rise. Using the 5-year average for sucrose recovery, U.S. cane sugar production would total around 3.15 million tons, raw value, 4 percent higher than last season.

Processors of Hawaii and Florida sugar have filed notice of intent to forfeit their sugar loan collateral to the CCC. The notices cover 258,000 tons of sugar, raw value—94,500 in Florida and 163,500 in Hawaii. No forfeiture intentions were filed by beet sugar processors.

The Florida and Hawaii actions do not mean that the total tonnage will actually be forfeited, but rather that this is the maximum amount that could be. The processors must give the CCC 30 days' notice on any forfeiture. Some of this sugar will likely be redeemed before the end of September.

As of June 30, estimated sugar stocks held by primary distributors, including CCC and Hawaii, were 2.55 million short tons, raw value, down 5 percent from a year earlier. The decline reflects a 30-percent drop in mainland sugarcane processors' stocks.

Most of the 198,589 tons of CCC stocks of 1984-crop cane and beet sugar have since been sold. CCC holdings now consist of 21,000 tons, raw value, of beet sugar.

Sugar deliveries for the United States in fiscal 1986 are estimated at 7.85 million tons, down 3.1 percent from 1985's 8.1 million. Over the first 3 quarters of fiscal 1986, deliveries were down to all categories except confectionery, multiple food uses, and wholesalers. Overall, deliveries fell by 3.4 percent from the first 3 quarters of 1985. The largest declines came in beverages and canned/frozen foods.

U.S. sugar deliveries in calendar 1986 are estimated at 7.8 million tons, down 2.9 percent from 1985. Deliveries for the first 6 months of the year were 3.5 percent below the same period last year.

This year's deliveries in the industrial and nonindustrial sectors fell 5.4 and 0.6 percent, respectively. The largest decreases in the industrial sector were again beverages, down 29 percent, and bakery and cereal products, down 5.5. In the nonindustrial sector, increased deliveries to both institutions and wholesalers were more than counterbalanced by lower deliveries to retailers and all other nonindustrial users. *[David Harvey (202) 786-1769]*

GENERIC CERTIFICATES: POPULAR AND USEFUL

Provisions in the 1985 Farm Act allow USDA to issue generic commodity certificates. These certificates are being used as payment under several programs. What exactly are certificates and how can they be used?

Generic certificates are issued by CCC and have a fixed dollar face value. They are used to compensate farmers and others who participate in commodity programs, and they give certificate holders access to Government-obligated stocks.

The certificates are generic in the sense that they may be exchanged for any commodities either owned by CCC or under loan. Thus far, certificates have been issued as partial payment to farmers participating in the 1986 acreage limitation and paid land diversion programs and the Conservation Reserve Program.

For wheat and feed grain producers, generic certificates were issued in April as first advance payments of 1986 Government program benefits, and in August as second advance payments. Certificates also were issued to grain exporters as payment under the Targeted Export Assistance and Export Enhancement Programs, designed to promote exports of U.S. agricultural commodities. Domestic ethanol producers also received certificates to encourage the use of grain in the production of ethanol.

Certificates Have Attractive Features

Two features of generic certificates make them attractive:

- The Government has already paid for the commodities, and distribution of Government assets is not counted as a current budget expense. However, budget costs could increase if use of certificates depresses commodity prices to or below loan rates, thus requiring USDA to pay maximum deficiency payments to eligible participants.

- Certificates are flexible because they are negotiable. First holders are issued certificates they can either exchange for commodities or turn in to CCC for cash payment. Or, they can sell the certificates to someone else (second holders, who in turn can sell or exchange them).

Certificates issued as of August 1

Item	Deficiency payments	Diversion payments	Total
	$ billion		
First advance payments			
Wheat	332.8	198.7	531.5
Corn	587.5	128.0	715.5
Grain sorghum	19.8	12.0	31.8
Barley	34.3	5.7	40.0
Oats	3.5	1.4	4.9
Total	1,007.9	345.8	1,353.7
Second advance payments	1,190.8	—	1,190.0
Other			
Ethanol	NA	NA	15.8
Export Enhancement	NA	NA	2.9
Targeted Export Assistance	NA	NA	16.8
Total	NA	NA	34.7
Total	NA	NA	2,536.4

— = None reported. NA = not applicable.
* Issued on or after August 11.
Source: Agricultural Stabilization and Conservation Service, USDA.

Farmers issued certificates in April had until the end of September to exchange or sell them. Those with August certificates have until April 30, 1987. If farmers receiving certificates issued in April did not exchange or transfer them by September 30, they can return the certificates to the Government during the first 2 weeks of October and receive the face value in cash, minus a 4.3-percent Gramm-Rudman-Hollings reduction. August certificates not exchanged or transferred by January 31, 1987, may be cashed in by the first holder during the first half of February, subject to Gramm-Rudman-Hollings reductions as well.

However, because first holders have been able to sell their certificates at a premium, it is anticipated that very few will cash them in. Second holders, the purchasers, have until December 31 to exchange April certificates. Second holders of August issuances have until April 30, 1987, to exchange them for commodities. Holders of certificates issued under programs promoting exports or ethanol production have 6 months from the date of issue to exchange them; there are no provisions for cashing in these certificates.

Most Exchanges for Corn and Wheat

USDA estimates that deficiency and diversion certificates worth about $1.35 billion were issued in April as first advance payments, and another $1.15 billion in August as second advance payments. In April, 53 percent went to corn farmers and 39 percent to wheat growers. Through August 26, an additional $15 million of generic certificates were issued to U.S. ethanol producers and $19.7 million to domestic grain exporters.

Certificate holders need not take the commodity they grow, hence the description "generic." They can exchange the certificates for wheat, rice, rye, corn, grain sorghum, barley, oats, soybeans, cotton, honey, nonfat dry milk, butter, or cheese. Through September 10, though, virtually everyone exchanging certificates took food grains, feed grains, or soybeans. These exchanges comprised roughly 37 percent ($927 million) of the face value of certificates issued.

Of total grain exchanged by September 10, one-third ($299 million) came out of CCC inventories and two-thirds ($627 million) out of producer loans. Of the total value exchanged, about 54 percent was corn, followed by wheat at 26 percent. Grain sorghum, barley, and rice each accounted for about 6 percent.

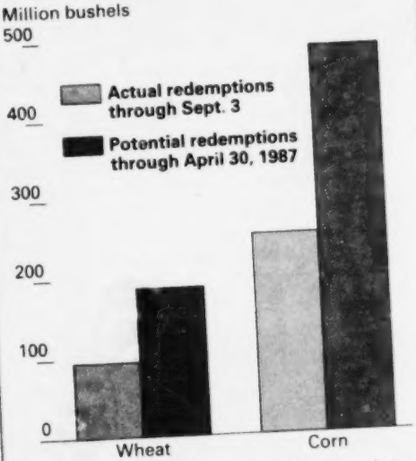
The source of exchanged grain has varied significantly by commodity. Most certificate exchanges—61 percent of wheat exchanges, 84 percent of corn,

Generic Certificate Redemptions as of September 10

Commodity 1/	CCC Inventory Cate-logued	CCC Inventory Non-cate-logued	CCC Inventory Total	Producer Loans 9-month	Producer Loans FOR & SPSLP 2/	Producer Loans Total	Total
Food Grains							
Wheat							
Bushels (mil)	28.84	17.46	37.68	30.26	20.60	50.88	88.56
Value (mil $)	49.61	40.30	89.91	72.20	49.15	121.36	211.27
Rice							
Cwt (mil)	12.22	2.82	15.04	0.02	—	0.02	15.06
Value (mil $)	41.90	9.09	50.94	0.05	—	0.05	50.99
Rye							
Bushels (mil)	0.21	0.47	0.68	0.28	—	0.28	0.96
Value (mil $)	0.36	0.50	0.86	0.35	—	0.35	1.21
Feed Grains							
Corn							
Bushels (mil)	12.10	22.11	34.21	180.39	0.83	181.28	215.99
Value (mil $)	26.05	41.97	68.02	358.99	1.65	360.64	428.66
Grain sorghum							
Bushels (mil)	5.48	10.62	16.09	9.56	0.17	9.73	25.82
Value (mil $)	11.37	20.24	31.61	18.78	0.33	19.12	50.73
Barley							
Bushels (mil)	9.86	9.26	19.12	16.76	1.10	17.86	36.98
Value (mil $)	11.50	11.31	22.89	20.06	1.32	21.38	44.27
Oats							
Bushels (mil)	0.09	0.16	0.25	0.43	0.04	0.47	0.72
Value (mil $)	0.10	0.15	0.25	0.43	0.04	0.47	0.72
Soybeans							
Bushels (mil)	0.02	0.43	0.44	1.23	—	1.23	1.68
Value (mil $)	0.08	2.20	2.28	6.37	—	6.37	8.65
Total value (mil $)	140.70	126.06	266.76	477.25	52.50	529.74	796.50

— = None reported.
1/ Other program commodities for which few or no exchanges have been made include cotton, honey, nonfat dry milk, butter, cheese, and sugar. 2/ FOR = Farmer-Owned Reserve; SPSLP = Special Producer Storage Loan Programs.
Source: Agricultural Stabilization and Conservation Service, USDA.

Most Generic Certificates Still Not Redeemed



Potential redemptions estimated using value of unredeemed certificates divided by average redemption price as of Sept. 3 ($2.37 for wheat and $1.87 for corn).

67 percent of oats, and 75 percent of soybeans—have come from producer loans. But, from 51 to 100 percent of exchanged rice, rye, sorghum, and barley came from CCC stocks.

Farmers and grain purchasers in many instances have been selling certificates at a premium over the face value. Some certificate sales have been reported up to 20 percent above face value, with the premium's size depending on the gains purchasers expect to get and the availability of certificates. Why are they selling at a premium?

Trading Opportunities, Absence Of Handling Costs Are Advantages

First, the cost of holding certificates is minimal. Certificate holders can exchange certificates for commodities at their convenience without inventory expense, as long as Government-obligated stocks are available.

For instance, a grain merchant in the Midwest can acquire certificates locally at a premium and exchange them for CCC grain at a Gulf Port location for export. The merchant incurs the cost of the certificates, the premium, and a nominal charge for sending the certificates to the exchange point. But, he foregoes the cost of storing, handling, transporting, and financing grain stocks up to the point of shipment. In effect, CCC assumes these costs.

Second, trading opportunities exist for certificate holders because:

- In a few instances, daily posted county exchange prices set by CCC (on which certificate exchanges are based) have run somewhat below local cash prices for program commodities, allowing holders to exchange their certificates for grain and sell it on the cash market at a net gain.
- Initially, some program commodities were being exchanged at prices that did not fully reflect quality differentials. For example, certificate holders in early summer were exchanging certificates for malting barley at a feed-value price, then selling the barley at the higher malting value. Likewise, high-protein farm-stored wheat could be exchanged at ordinary-protein value, then sold on the market at a price reflecting its protein content.

A third reason certificates are selling at a premium is because some farmers and warehouse owners, anticipating storage shortages with harvest of the 1986 crops, are using certificates to get old-crop grain out of storage, eliminating or diminishing potential additional storage costs and freeing space for 1986 crops.

And, fourth, certificates are similar to warehouse receipts but offer holders more flexibility, because they are generic, inexpensive to hold, move, or transfer, and relatively free from

downside price-change risks. Since certificates have a fixed dollar face value, if the posted county price of grain declines, holders will receive more grain.

Certificates Have Increased Free Stocks and Reduced Prices

During the summer, the generic certificate program fundamentally affected the domestic wheat and corn markets. Besides the preharvest decline in cash prices for wheat and corn, the certificate program further raised free stocks, causing prices to fall precipitously.

Certificates have lowered prices in two ways. First, certificate-exchanged wheat and corn significantly increased marketable supplies above needs for the summer. Though wheat and corn free stocks were fairly tight in late spring, the amount of grain exchanged for certificates, combined with regular loan redemptions and wheat harvestings, was more than sufficient to meet summer demand. During June-August, marketable supplies of wheat were about 175 percent above disappearance, and free stocks of corn were 80 percent above needs.

Second, the sheer fact that certificates have been issued, and only about one-third exchanged, in effect makes additional Government-obligated stocks free to the market. Through September 10, about 103 million bushels of wheat and 274 million bushels of corn had been acquired with certificates. An additional 180 million bushels of wheat and 485 million bushels of corn likely will be exchanged for certificates still out. Potential certificate-exchanged wheat and corn amount to about 8 and 7 percent, respectively, of projected 1986/87 disappearance of the two commodities.

Actual and potential certificate redemptions and any further certificate issues this fall will add to the downward price pressure from the expected large corn crop. But, if corn cash prices stay much below the loan rate, farmers will place increasing amounts of 1986/87-crop corn under loan, which could temper price declines. Additionally, wheat placed under loan through late August was below anticipated levels, but it could increase during the coming months if wheat cash prices fall further below the loan rate.

More Certificate Use Likely

Since the certificate program is popular, increases free stocks, and enhances U.S. ability to be competitive in world markets, USDA probably will continue certificate use in some subsequent commodity programs. Export promotion, final payments for the 1986 commodity programs, and any advance deficiency payments for the 1987 crop year are candidates.

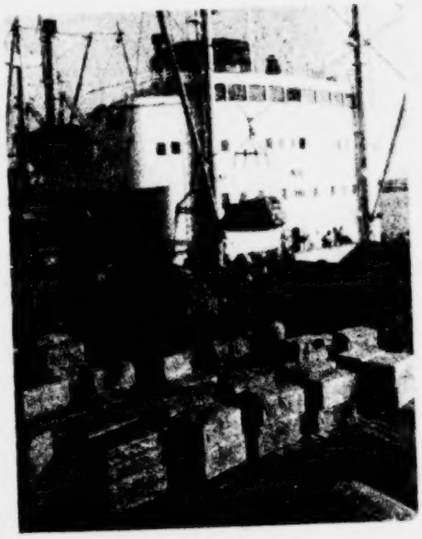
In the meantime, certificates may sell at lower premiums than those received this summer. The best trading opportunities have been realized. Also, as the December 31 expiration on the first advance-payment certificates draws near, second holders will be forced to exchange them, reducing their flexibility. If additional certificates are issued, the supply of marketable certificates will increase, which may also reduce premiums. *[Michael Hanthorn (202) 786-1841]*

Upcoming Releases from the Agricultural Statistics Board

The following list gives the release dates of the major Agricultural Statistics Board reports that will be issued by the time the November *Agricultural Outlook* comes off press.

October

1 Poultry Slaughter
2 Dairy Products
3 Cherry Utilization
6 Celery
9 Vegetables
10 Crop Production
14 Turkey Hatchery
16 Milk Production
20 Catfish
23 Eggs, Chickens, & Turkeys
24 Cattle on Feed
Livestock Slaughter
Cold Storage
28 Peanut Stocks & Processing
30 Grain Stocks
Rice Stocks
31 Egg Products
Agricultural Prices



World Agriculture & Trade

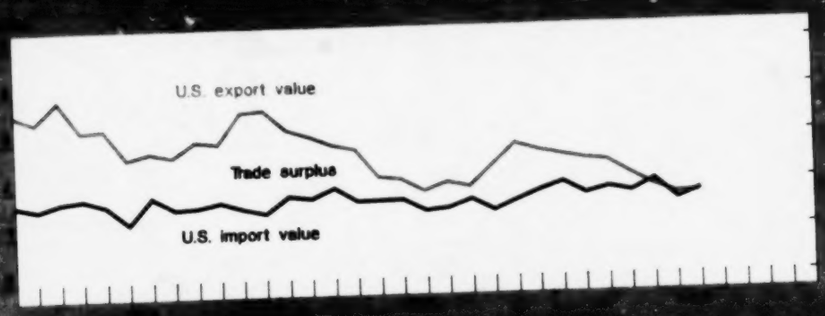
OUTLOOK FOR THE AG TRADE BALANCE

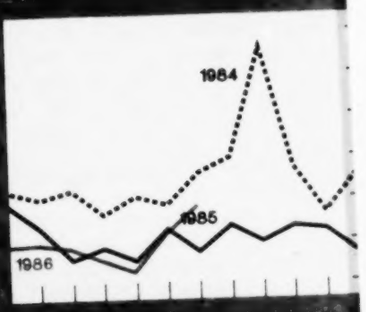
Against a background of severe trade problems in the general economy, U.S. agricultural exports in fiscal 1986 (October-September) fell nearly $5 billion from 1985. They are estimated at $26.5 billion, compared with $44 billion only 5 years earlier.

Agricultural imports are expected to be record high for the third consecutive year. At an estimated $20.5 billion, the value of imports in fiscal 1986 was more than 30 percent above 1982. Record trade deficits in nonagricultural sectors are straining international commerce. Equally worrisome, agricultural trade was in deficit in some months in fiscal 1986.

While U.S. agricultural exports receive the most attention, it now seems farmers may be losing ground to imports in some home markets. Last May, U.S. agricultural imports exceeded exports by at least $146 million, making the first monthly deficit in agricultural trade in 15 years. Later, imports again exceeded exports in July, as exports declined.

At the end of fiscal 1986, the United States had been running a merchandise trade deficit for 10 consecutive years, and the deficit had grown almost fivefold since 1980 alone. By


U.S. export value
Trade surplus
U.S. import value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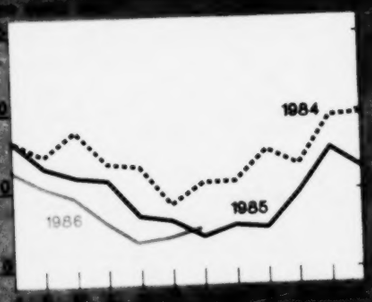
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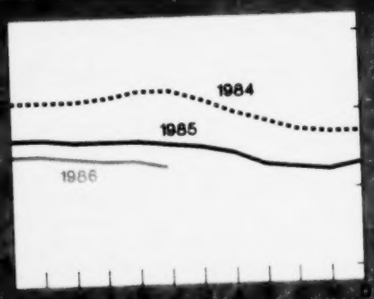
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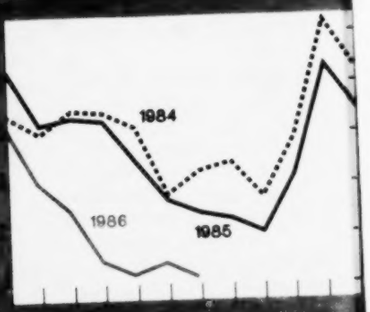
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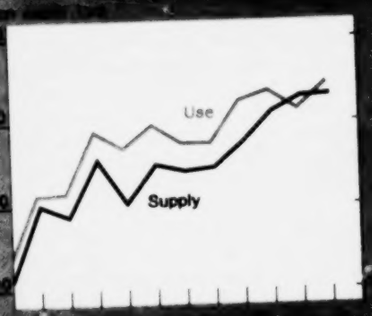
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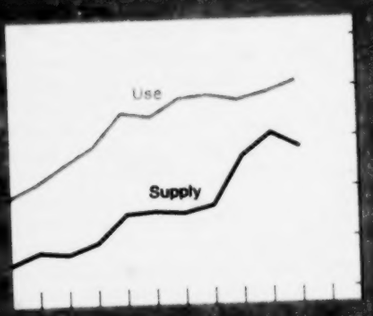
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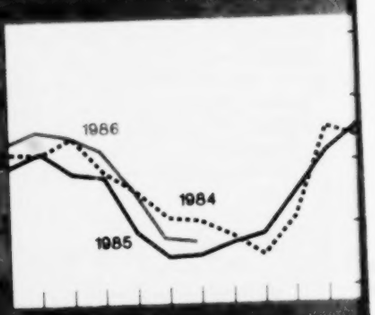
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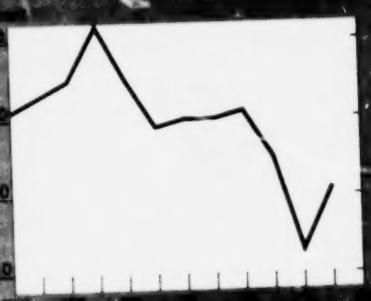

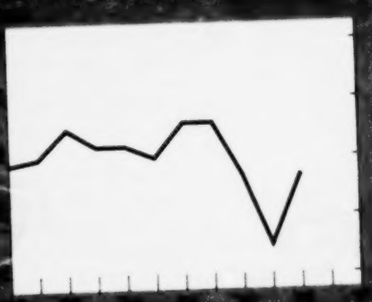

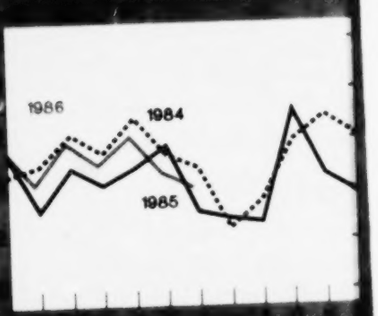
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contrast, up until last May, agricultural trade was continuously in surplus. While total U.S. trade likely reached another record deficit in fiscal 1986, U.S. agricultural trade ran an estimated $6 billion surplus during these 10 years. The fear, though, is that current trends mean agricultural trade will eventually meet the same fate as nonagricultural trade.

Import Penetration Is Significant in Some Industries

In calendar 1965, the value of manufactured imports equaled only 2 percent of U.S. total manufacturing output. By 1980, this share had more than doubled, and it continues to grow. For much of the post-World War II era, the United States has had manufacturing superiority. But now, some industries, such as color-TV production, have moved almost entirely overseas.

Import penetration in other areas has also been significant. In 1965, the value of textile and shoe imports equaled 5 percent of U.S. consumption of these products. Twenty years later, imports' share had ballooned to 16 percent. Similarly, motor vehicles' import value equaled about 30 percent of U.S. spending in 1985, compared with 4 percent in 1965. As a result of such import penetration, GNP growth has remained lackluster in 1986, despite expansionary monetary policies.

Both agricultural and nonagricultural imports increase with economic growth and increases in personal disposable income. Thus, both import sectors declined in the early 1980's because of recession, and both rose to record heights during the subsequent recovery.

Will Ag Trade Deficits Become Permanent?

Do the recent short-term deficits in agricultural trade threaten to become long term? Probably not. Agricultural imports have been driven, for the most part, by different forces than other imports. About 40 percent of agricultural import value is for products considered noncompetitive—products such as coffee, tea, and pepper that are not grown in the United States. Agricultural import values are skewed this year partly because of very high coffee prices.

Imports of Competitive Farm Products Probably Fell in Fiscal 1986

Imports of competitive products likely fell in fiscal 1986, but noncompetitive imports probably reached $7.6 billion, compared with $6.9 billion in 1985. Coffee imports likely accounted for $4.2 billion, $1 billion higher than in fiscal 1985.

The same drought that cut Brazil's soybean production and benefited the United States' soybean exports also drastically curtailed coffee production. Brazil accounts for 30 percent of the world's coffee production, and the prospect of reduced output sent prices to their highest in nearly a decade. Prices have fallen since their January peak, but import prices remain about 50 percent above a year earlier and are likely to stay high in coming months.

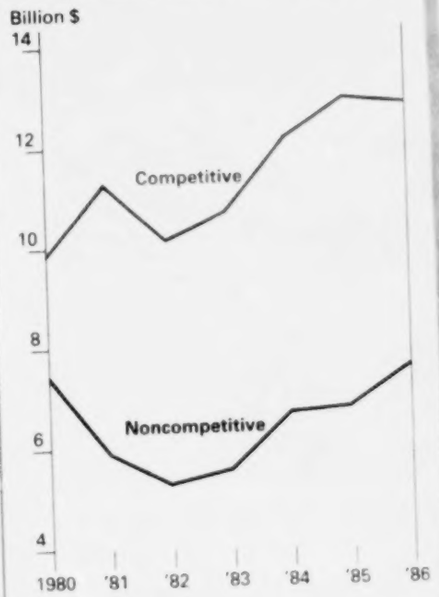
The value of spice imports also rose in fiscal 1986, because of a shortfall in world pepper production and unusually high prices. However, the value of rubber imports likely declined because of lower prices. Cocoa imports' value probably declined, given adequate U.S. inventories and weaker cocoa bean prices.

Noncompetitive products' large share in U.S. agricultural trade means that in some years, such as 1986, U.S. import value is driven by weather and agricultural production in a different part of the world. Fluctuations of this nature do not reflect real changes in the United States' competitive stance. However, in the several years preceding 1986, total import values rose largely because competitive products made inroads into the U.S. market.

Canadian hogs and EC pasta exemplify the impact that import competition has had on specific industries. Similarly, sales of Brazilian frozen orange juice rose from about 5 percent of the U.S. market in calendar 1981 to nearly 50 percent in 1985.

Between 1980 and 1985, U.S. imports of grains and grain products rose 68 percent; live animals, 79; vegetables, 60; and fruit, 208. These four groups of

U.S. Agricultural Imports Are Climbing



commodities accounted for nearly all the increase in competitive imports during the period. If U.S. producers were losing the U.S. market to foreign producers, it would be apparent in these commodities first.

However, comparing cash receipts from farming with the value of imports shows that U.S. farmers' share of the domestic market is not declining as much as these figures might indicate. Despite the large jumps in meat animal and grain imports, these imports were equivalent to only 1 to 2 percent of cash receipts for these products in 1985.

Similarly, comparing fruit and vegetable imports with cash receipts adjusted by a farm-retail price spread (to account for the larger share of processed imports) yields import shares of only 6 and 4 percent, respectively.

Because of Florida Freezes, Brazilian OJ Imports Have Been Big

The largest import increase and import share mentioned above was for fruits and preparations. An important factor in this increase has been the occurrence of four severe winter freezes in Florida since 1981. Cold killed roughly 200,000 acres of Florida's orange trees. Fruit juice imports increased the most following the most severe freeze, in 1985.

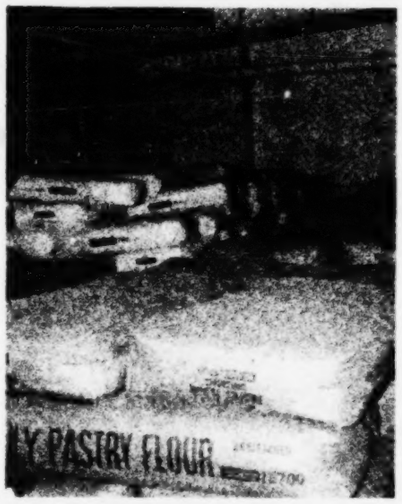
In contrast, winter 1986 was much milder, and fruit juice imports have been falling as domestic orange production has recovered. Fruit juice imports in fiscal 1986 likely were down 15 percent in volume from 1985, and orange juice import prices were 27 percent lower in the first 9 months of fiscal 1986 than the year before.

Thus, at least a partial turnaround is possible in the sector that appears most deeply penetrated by imports. U.S. agriculture dominates domestic consumption. Despite the rise in imports in recent years, imported food accounted for about the same share of domestic spending in both 1965 and 1985.

At $6 billion, the 1986 U.S. farm trade surplus is estimated to be the lowest since 1972. Most of the decline has been due to lower exports. Compared with the average value of the preceding 4 years, 1986 imports probably climbed 16 percent, but exports likely fell about 34 percent.

Export volume in fiscal 1986 probably fell to an estimated 108 million metric tons, compared with 125 million the year before, partly because importers delayed purchases in anticipation of lower new-crop commodity prices. The volume decline also reflects a drop in Soviet grain imports from 1985's record levels, continued large foreign production, intense foreign competition, and financial constraints in many developing countries.

U.S. export volume is expected to rise substantially in fiscal 1987, spurred by sharp declines in prices. No significant increase is foreseen in agricultural imports, and import value may fall if Brazil's 1987-88 coffee crop is larger than the poor crop coming up now. U.S. agricultural trade will remain in surplus and the surpluses will almost certainly grow in future years, as the lagged impacts of the 1985 Food Security Act and the weaker U.S. dollar become apparent. *[Steve MacDonald (202) 786-1621]*



Food and Marketing

FOOD PRICE OUTLOOK

For the past 5 years, the Consumer Price Index for food has increased an average of about 3 percent per year. In the same period (1982 through 1986), the CPI for all items has risen at an average annual rate of 4 percent. For 1986, the CPI for food is expected again to rise at its 5-year average.

Energy Prices Continue Slowing Down Inflation

This year, for the first time since 1978, the CPI for food will rise at a higher rate than the CPI for all items, but only because of sharp decreases in energy prices. Without lower energy prices, the all-items increase would remain near 4 percent.

Much of the increase in food prices during 1986 is occurring in the second half of the year. Strong demand for poultry, particularly at fast food restaurants, and smaller supplies of red meats pushed prices up sharply in the third quarter. Meat and poultry prices are expected to remain strong in the fourth quarter, but the rate of increase will likely be much lower. Poultry prices are expected to decline from summer highs in the fourth quarter.

Beef supplies have been large through midsummer, and prices have been near last summer's. Increases are expected in fall as beef and other red meat supplies drop. In contrast, pork supplies in June and July reached their lowest since 1982. Pork prices rose sharply as a result, and increases continued through August.

In the fourth quarter, pork supplies are expected to increase from the third quarter, but retail prices should remain strong through the holiday season. Per capita pork consumption is likely to decline about 6 percent from 1985 because of population growth and reduced production. The CPI for pork in 1986 will average 5 to 7 percent above 1985.

Poultry Supplies, Prices Rising

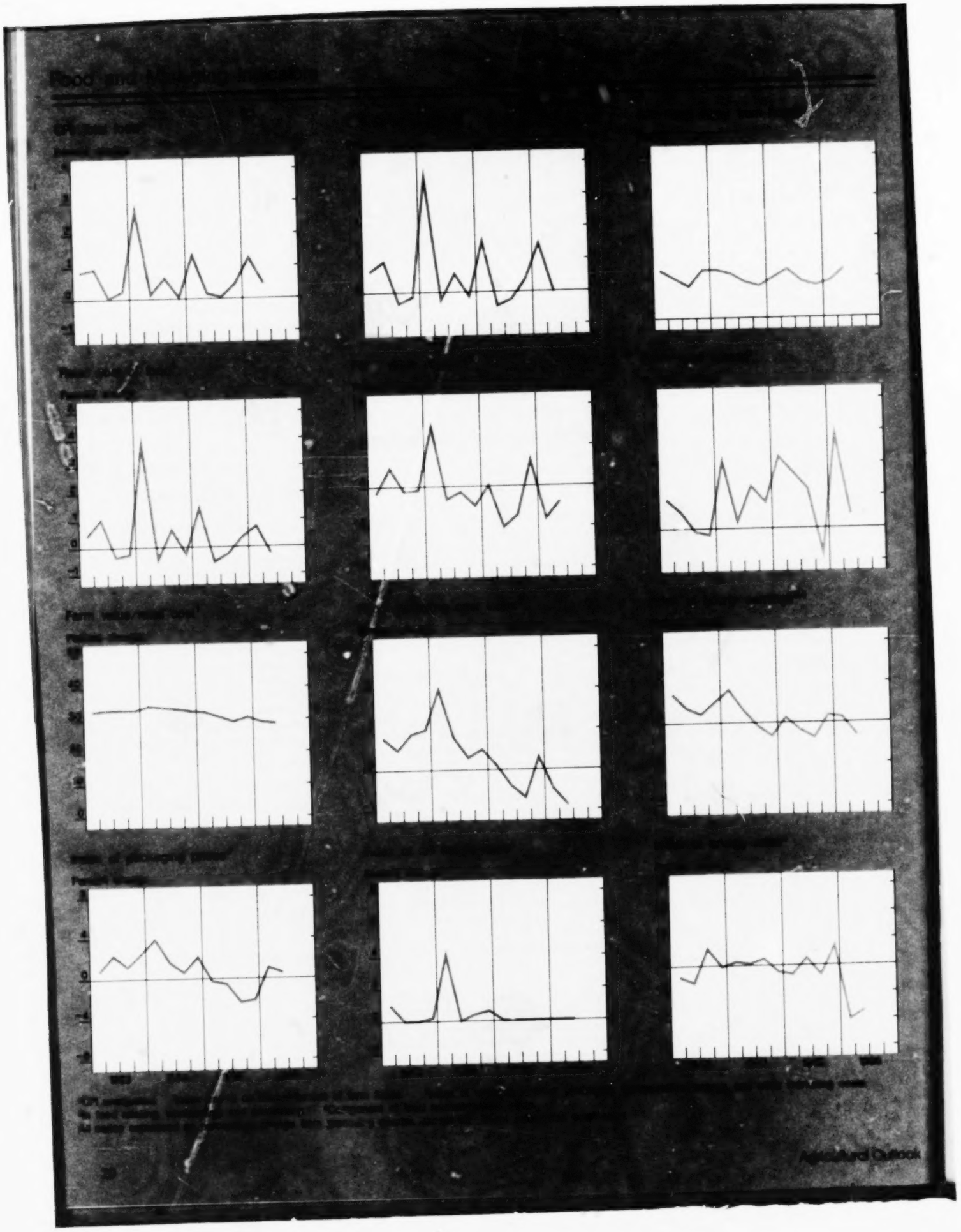
With red meat production down, poultry producers have increased production to near capacity. Demand has been particularly strong for chicken, and prices have been above year-earlier levels even though production is up. Demand was particularly strong among fast food restaurants during the summer. Heavy promotion campaigns featured new or innovative chicken items, helping to stimulate demand.

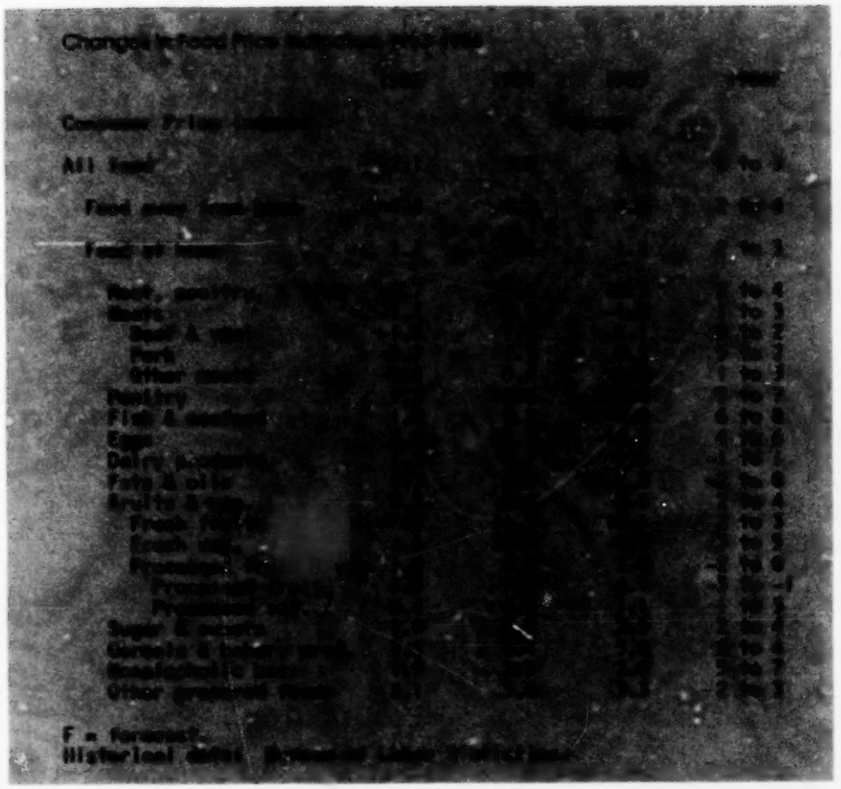
Consumer demand for poultry was also strong in grocery stores, as shoppers chose poultry rather than higher priced red meats. The hot summer weather in the Southeast caused a slowdown in broiler production, complicating the already tight supply situation. With fast food chains and grocery stores competing for poultry supplies and supplies temporarily disrupted, wholesale and retail poultry prices rose sharply. Prices have decreased since summer, but the CPI for poultry is expected to average 5 to 7 percent higher this year than in 1985.

Annual Increases in the Consumer Price Index

	1982	1983	984	1985	1986F
	Percent change				
All items	6.1	3.2	4.3	3.6	2.6
Food	4.0	2.1	3.8	2.3	3.0

F = forecast.





The CPI's for most other food categories are expected to rise at or near the 2- to 3-percent average for all food in 1986. Eggs will likely rise more than average because of reduced supplies, partly due to hot weather. The CPI for nonalcoholic beverages will also rise more than average because of higher coffee prices. In contrast, the CPI's for processed fruits and fats/oils will each likely average 2 to 3 percent below 1985 because of large stocks of processed fruit products and crude vegetable oils. *[Ralph Parlett (202) 786-1870]*

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22	Foreign Ag. Trade of the U.S.
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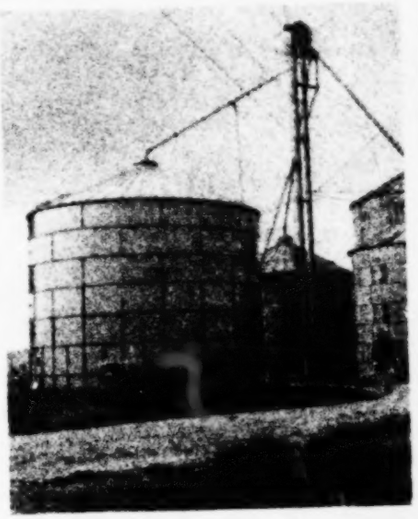


Transportation and Storage

GRAIN STORAGE OUTLOOK

Even if 1986 crops are as large as forecast, there will probably be sufficient overall storage capacity at the end of this year's harvest. In the 27 States for which data are available, at least 2.7 billion bushels of storage will remain unused, about 1 billion bushels of that in the Corn Belt and Southwest States.

Certain States, though, could still see temporary storage problems. Illinois, Indiana, Iowa, and Michigan are estimated to be short more than 230 million bushels in total on October 1. In the eastern Corn Belt, Illinois and Iowa will possibly feel the sharpest pinch, with storage deficits in the area of 100 million bushels each. In the western Corn Belt, Missouri and South Dakota could also find storage in short supply, with Missouri hardest hit from a 100-million-bushel shortage.

These estimates, however, assume that the entire grain harvest was completed by October 1, an unlikely event. Thus, the degree of shortage tends to be overstated. Moreover, since more than 900 million bushels of grain and soybeans are fed, milled, or exported each

Grain Storage Capacity and Stocks This Year

Region/State 1/	Total storage capacity 2/	Estimated stocks	Estimated surplus/ (deficit) 3/
	Million bushels		
Eastern Corn Belt			
Illinois	2,[illegible]	3,301.5	(84.1)
Indiana	1,[illegible]	1,075.8	(32.8)
Iowa	2,[illegible]	2,983.8	(104.9)
Michigan	412.8	423.8	(11.9)
Minnesota	2,123.[illegible]	1,640.1	483.0
Ohio	701.6	700.7	11.3
Wisconsin	712.[illegible]	573.0	139.3
Total	10,28[illegible]	9,892.3	376.8
Western Corn Belt			
Kansas	1,[illegible]	937.4	474.9
Missouri	611.7	712.[illegible]	(100.4)
Nebraska	1,909.6	1,890.3	19.3
North Dakota	1,116.0	971.1	144.8
South Dakota	880.1	692.9	(12.8)
Total	5,716.[illegible]	5,208.7	487.[illegible]
Southeast			
Arkansas	349.[illegible]	128.8	220.6
Georgia	184.0	55.0	129.0
Kentucky	259.1	201.4	57.8
Louisiana	161.9	126.3	35.6
Mississippi	197.1	102.3	94.7
North Carolina	218.[illegible]	131.8	87.0
Tennessee	161.8	106.3	55.6
Total	1,480.[illegible]	755.6	680.0
Southwest			
Oklahoma	404.[illegible]	102.0	302.0
Texas	1,[illegible]	343.6	336.4
Total	1,[illegible]	1,232.5	247.4
West			
Arizona	32.2	13.1	26.1
California	199.2	98.0	97.2
Colorado	342.5	267.1	99.3
Idaho	286.8	199.8	99.1
Montana	516.9	317.3	199.5
Washington	366.6	278.6	87.9
Total	1,747.1	1,[illegible]	595.3
Total of 27 States	20,[illegible]	18,[illegible]	2,404.5

1/ The States included in the analysis on June 1 held 96 percent of all U.S. grain and soybean stocks and are expected to account for 92 percent of all grain and soybean production. 2/ January 1, 1986. 3/ (June 1, 1986 grain stocks) - (estimated disappearance for 4 months) + (forecast production) - (storage capacity) = surplus/deficit.

month, any severe tightness should ease by November 1.

Some stocks are being shifted from storage-deficit regions. In May, 17,600 rail cars were loaded with grain each week; of these, 2,400 were delivered to coastal ports and 15,200 to domestic destinations. In June-August, unloadings at coastal ports had nearly doubled to 4,700 cars per week, while total grain loadings increased by nearly 7,000 cars.

This 5,000-car increase per week in domestic rail traffic suggests that a significant volume of grain has already been relocated from places experiencing tight storage to areas where storage is likely to remain in good supply. If these relocations continue, the actual storage deficits in the eastern and western Corn Belts will be significantly less severe than shown, while the storage surplus for the Southeast and West regions will be somewhat less.

Individual producers may encounter severe local shortages, because space available is not uniformly distributed. Other factors also overstate storage availability: Two kinds of grain cannot be stored in the same bin, and elevators need working space to aerate and blend grain. Interaction of these factors with local differences often leaves a number of farmers unable to get storage in nearby elevators. Despite these spot shortages, however, the situation promises to be less acute than in 1982, when excess capacity totaled only about 0.9 billion bushels.

On-Farm Storage Makes the Difference

This fall's storage situation would be worse except that on-farm storage facilities have grown 52 percent since 1979. In the 27 States for which data are available, on-farm capacity totaled nearly 13 billion bushels on January 1, 62 percent of known U.S. capacity. Most of the Corn Belt States have substantially more on-farm than off-farm storage space. Much of the on-farm storage growth has resulted from Federal programs that have encouraged farmers to retain their grain on the farm until it is sold.

Off-farm storage has also grown, although less dramatically. Between 1979 and 1986, off-farm capacity rose 18 percent to 8.2 billion bushels, 95 percent located in the 27 States.

The structure of the off-farm grain storage industry has changed since 1979. While total capacity has grown, the number of facilities has declined 10 percent. Average elevator capacity has grown about 32 percent to about 600,000 bushels per facility. With fewer facilities, many producers must now transport their grain somewhat farther than in 1979. While larger facilities may be able to market grain more efficiently, the time and cost of delivering grain to off-farm elevators have increased.

Harvest Shortfall Reduces Problem

States in the Southeast get much of the grain and soybeans needed to feed their livestock from the eastern and western Corn Belt regions. Because of drought, corn and soybean production in the Southeast will be well below 1985, and nearly 200 million bushels of corn and soybeans will come into the region in late 1986 and early 1987 to make up for the production shortfalls.

These shipments will reduce storage tightness elsewhere, but add substantially to the demand for rail cars and barges. Transportation demand is also expected to pick up as eastern Corn Belt States faced with actual storage shortages ship grain to underutilized facilities in the Southeast.

Government Actions To Ease the Pinch

The Government has taken several steps to ease anticipated storage tightness. Since March, licensed warehouse owners have been permitted to store grain owned by the CCC or under loan in emergency facilities (railcars, barges, and outside storage). USDA has signed rental contracts for about 2,000 river barges. The contracts provide for shipment of about 100 million bushels from points on the Ohio, Illinois, and Mississippi rivers to the Gulf Ports.

In May, warehouse owners were allowed to transfer grain for which receipts had been issued from one approved facility to another (previously, transfers were prohibited by the U.S. Warehouse Act of 1916, as amended).

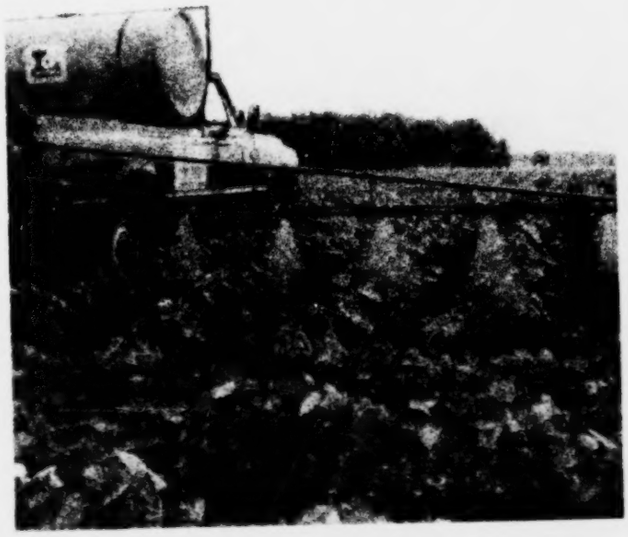
In August, feed grain program participants were allowed to get loans on grain stored on the ground. Producers were also given the option of extending 1985-crop 9-month CCC loans for another 12 months. This option was designed to keep 1985-crop grain in on-farm facilities longer, by avoiding forfeiture at a time when commercial facilities are expected to be tight.

Railcars and Barges Abundant

Railroads have the ability to load 32,500 cars per week (each car holding about 3,500 bushels). In August, loadings of grain averaged 24,500 cars per week. So, about one-third of rail capacity was unused. Although the inventory of covered hopper cars has decreased about 2 percent during 1986, the 234,000 cars now available represent a 7-percent increase from the 1981 fleet.

Like storage problems, any car shortages should be short lived. Overall, a car surplus will continue, and unused cars may serve as temporary grain storage facilities. The ICC has approved such use of rail cars at rates different from and presumably lower than those in published tariffs.

Indications are that grain shipments by barge in 1986 have been less than half of comparable 1985 volume. Barges could therefore double their present volume. In early August, barge rates turned up in anticipation of seasonally increasing demand. By late August they rose to record levels for the year, as demand climbed 50 percent. *[T.Q. Hutchinson (202) 786-1864 and David Hull (202) 786-1840]*



Major Changes Coming in Pesticide Law

The National Agricultural Chemicals Association (NACA) and a major environmental coalition have agreed on a package of proposed amendments to FIFRA, the Federal Insecticide, Fungicide, and Rodenticide Act. The chemical manufacturers have agreed to accept regulatory concessions in exchange for legislation that will extend the patent life of proprietary pesticides. The compromise, introduced in Congress in March 1986, paves the way for faster evaluation of the 50,000 commercial pesticides now available.

The use of agricultural pesticides has increased from approximately 200,000 pounds per year in the 1950's to 1.1 billion in 1984. The $3 billion spent for chemical protection in 1984 provided up to $12 billion in commodities which would ordinarily have been lost to competing weeds, insects, fungi, rodents, bacteria, and other pests, reflecting the efficiency of chemical control in combating pests.

However, the problems of pesticides are worrisome: pesticide mobility, water pollution, acute toxicity, and possibly cancer. In addition, pests have developed increasing resistance, confronting chemical manufacturers with the difficult task of developing agents that are both more effective and more selective in their toxic effects.

Early Pesticide Registrations Based on Incomplete or Outmoded Studies

Public concern has focused on the ecological impacts of widespread pesticide use. Chemical manufacturers must register a pesticide through the Environmental Protection Agency (EPA) before it may be offered for sale. Its specific uses and prohibitions must be stipulated. However, many of the pesticides in use prior to 1972 were registered on the basis of incomplete or outmoded studies. FIFRA amendments of 1972 required EPA to reevaluate the registrations of the 35,000 pesticide products then commercially available, within a 4-year period.

Regulatory judgments by EPA are based on data provided by the manufacturer documenting the health and environmental effects of a pesticide. EPA's registration requirements may necessitate up to 150 studies, some requiring years to complete. Studies test for possible toxicity to nontarget organisms (such as birds), tumor development, genetic and reproductive problems, acute poisoning, groundwater contamination, and the quantity and duration of chemical residues on food and feed crops.

Compromise Aims To Expedite Review

However, to date none of the approximately 600 active ingredients in the pesticides now in use has been fully tested, though some preliminary studies have been completed. It was this lagging review pace that prompted the chemical manufacturers and environmental organizations to submerge their differences temporarily and agree on a package of amendments to expedite the process.

Currently, patent protection is granted product developers for 17 years. But, the lengthy registration process may delay marketing and effectively reduce some of the patent period, shrinking income to the patent holder. Thus, the compromise includes lengthening patents by the amount of time required for registration. (Interestingly, smaller pesticide manufacturers oppose this provision of the bill—claiming patent extension will keep them from manufacturing possibly lucrative generic versions of patented pesticides for an additional 5 to 7 years. They say patent extension will lead ultimately to increased prices for farmers.)

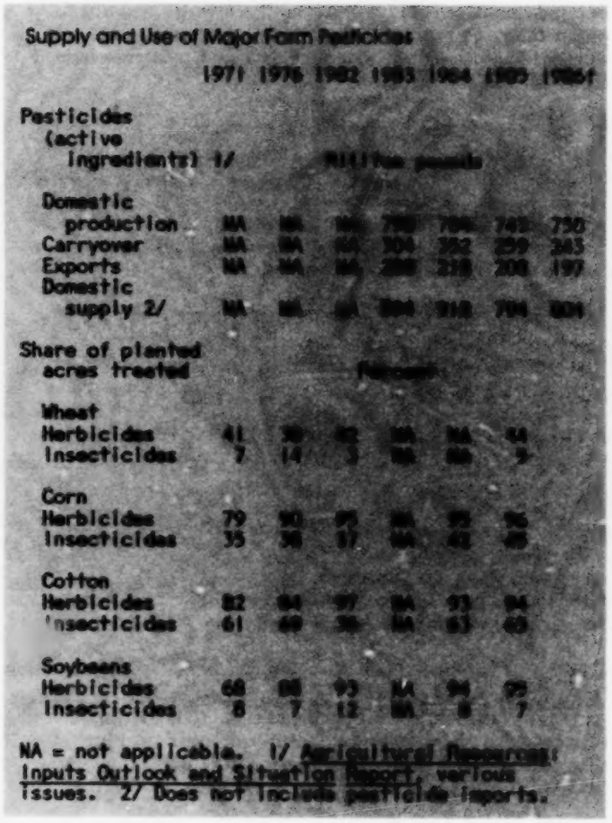
Although the proposed legislation will probably cause withdrawal of ingredients found to cause unacceptable environmental risks, this loss to the chemical companies likely will be more than offset by the revenue potential of new, more efficient products currently caught in the registration bottleneck.

Also, by agreeing to a compromise on proposed FIFRA amendments, chemical manufacturers hope to avoid more severe pesticide restrictions advocated by environmentalists with more extreme positions.

NACA reached a compromise with an environmental coalition composed of 41 political action groups, including the National Wildlife Federation, the Sierra Club, Friends of the Earth, and the Environmental Defense Fund. This coalition has sought major FIFRA revisions since 1970. Aware that there are data gaps on both acute and chronic toxicity of many registered chemicals, the group lobbied to begin the reevaluation process, successfully inducing the 1972 FIFRA amendments.

But, the enormity of the reevaluation task, coupled with diminished resources available to EPA, slowed the reregistration to a crawl. The pace did not increase after Congress provided for a generic chemical approach, allowing active ingredients to be tested rather than individual products.

Pesticide products whose acute and chronic toxic effects were basically unknown continued in use after 1972. In some instances, data provided to the EPA allegedly



Supply and Use of Major Farm Pesticides

	1971	1976	1982	1983	1984	1985	1986f
Pesticides (active ingredients) 1/			Million pounds				
Domestic production	NA	86	196	788	784	743	730
Carryover	NA	NA	60	304	382	259	343
Exports	NA	NA	NA	288	238	208	197
Domestic supply 2/	NA	86	256	804	928	794	804
Share of planted acres treated			Percent				
Wheat							
Herbicides	41	30	42	35	NA	44	
Insecticides	7	14	3	NA	NA	5	
Corn							
Herbicides	79	90	95	NA	95	96	
Insecticides	35	38	37	NA	42	45	
Cotton							
Herbicides	82	94	97	NA	93	94	
Insecticides	61	49	36	NA	61	45	
Soybeans							
Herbicides	68	88	93	NA	94	95	
Insecticides	8	7	12	NA	8	7	

NA = not applicable. 1/ Agricultural Resources: Inputs Outlook and Situation Report, various issues. 2/ Does not include pesticide imports.

documenting a product's safety were found to be fraudulent, yet the products continued to be marketed pending valid findings. In this atmosphere, the environmental groups decided that some type of accommodation with the chemical industry was necessary to speed the review process.

Bill Passes House; Senate Consideration Next

After more than a year of negotiations, a bill to amend FIFRA was passed overwhelmingly by the full House on September 19. The Senate Agriculture Committee approved a similar bill on August 13. The full Senate version will probably be considered before the November elections.

The bill requires that pesticides registered before November 1, 1984, be reevaluated within the next 9 years. EPA will be allowed up to 2 years to analyze existing health and safety data. If data gaps are discovered, the chemical manufacturers will have up to 5 years to fill those gaps. After EPA has all the necessary data, the agency may take 1 year to determine whether a product may be reregistered or not.

To fund reregistration, each manufacturer is required to pay up to $150,000 for each active ingredient submitted for EPA sanction. Fees may be waived in whole or part for small chemical manufacturers, producers of minor-use pesticides, and for pesticides not used on food products. In addition, if the data provided to support registration of an ingredient are found to be false, the product can be immediately suspended and withdrawn from the market.

The bill provides public access to the registration data so third parties can comment prior to an EPA ruling. Previously, data were not made available until 30 days after EPA registration.

In keeping with the public right to know, the proposed amendments stipulate chemical manufacturers' responsibilities to provide health and safety fact sheets on the active and inert ingredients they produce.

Liability, Tolerance Issues Raised

Besides these provisions worked out between the chemical manufacturers and the environmental coalition, the Chemical Specialties Manufacturers Association (CSMA) drafted an alternative group of amendments which was introduced in Congress in mid-April of this year. The organization represents chemical formulators and applicators.

The CSMA and major farm groups want to absolve applicators of liability for pesticide contamination, particularly of groundwater, when the pesticide is applied according to label instructions. In addition, the CSMA draft proposals stipulated national uniform tolerance for pesticide residues in food rather than individual State tolerances, as well as Federal and State preemption of local pesticide ordinances; tolerances and preemption were not addressed in the original House and Senate bills.

Many of the existing allowable residue limits were set prior to current EPA requirements for data on the health risks of food-use pesticides. Newer, more sophisticated testing methods will provide additional information on safe residue levels on food. However, safe tolerances could require years to determine.

The question of what to do in the interim is causing conflict. Some legislators had argued that uniform Federal tolerances should be maintained and States should be prohibited from setting their own tolerance levels. Other legislators would have EPA continue to set a residue limit while allowing the States to set more stringent ones depending on location and intensity of a chemical's use. The bill passed by the House mandates uniform Federal tolerance with States allowed to petition for more stringent guidelines if they can provide compelling reasons for doing so.

Groundwater Contamination Action Still Unresolved

A major point of contention and one that earlier threatened to stall the new amendments to FIFRA is pesticide detection in groundwater. EPA reported last May that 17 pesticides have now been found in the groundwater of 23 States. Once an aquifer is contaminated, removal of toxic chemicals is extremely difficult. The chemical manufacturers originally favored a cost-benefit approach to determining when action should be taken, whereas the environmental coalition wanted EPA action triggered solely by evidence that a groundwater pollutant posed a measurable health risk.

The compromise written into the bill which passed the House leaves EPA to determine an action level for pesticide residues in groundwater, based upon the Safe Drinking Water Act. If residues exceed this action level in water used for human consumption, further use of the pesticide would be prohibited or registration altered to reduce residues.

The provisions stipulating data compensation arrangements between active ingredient developers and "follow-on" formulators, as well as the issue of uniform tolerance levels for pesticide residues on food products, remain undecided. Environmental groups are especially unhappy with uniform Federal tolerance levels and will try to have this provision struck from the Senate version. However, many groups are hopeful that this issue will not place the entire legislative package in jeopardy.

Training Would Be Required for Applicators

If the new FIFRA amendments pass the Senate, a farmer will not be held liable for toxic damage caused by pesticides if the label directions were followed. The bill requires that all commercial applicators, including farmers, receive some application training. The States would administer the training programs either directly or through certification of private programs meeting basic instructional standards, with refresher courses every 4 years.

In addition, commercial applicators would be required to maintain records of chemical applications for 2 years. EPA would establish an occupational health program from which regulations would be issued governing the mixture, loading, and application of pesticides. The regulations would not apply to individuals who occasionally handle general-use pesticides around the house or garden.

The bill provides special consideration for growers of small-acreage crops. Pesticides used on these crops will be evaluated less stringently if no chemical alternatives are available. In addition, the bill extends the authorization for a federally funded program to aid growers of small-acreage crops in obtaining scientific data needed to support the registration of pesticides they use.

Bill Sets Special Review Procedures For Most Suspect Chemicals

The House bill sets up special review procedures for chemicals suspected of damaging human health or the environment. Special reviews must be completed in 18 months, though extensions to 30 months are possible if more data-development time is required. If the EPA decides to cancel a pesticide product, a hearing may be requested by parties who would be adversely affected. However, the bill attempts to prevent the protracted hearing and appeal process which characterized the 7-year cancellation procedure for ethylene dibromide (EDB).

EPA is also allowed, through an informal rulemaking process, to require label changes for a pesticide product if that product is thought to hurt the environment. The informal procedure would be allowed only if the label changes would not completely prevent the pesticide's use on a crop or site, or in some other way make the product unmarketable.

Environmental Risk Ratings Would Help Farmers Weigh Pesticide Use

Finally, the bill directs the National Academy of Sciences to conduct studies to determine comparative environmental risk ratings for registered pesticides. With this information in hand, farmers could determine the level of toxicity to which their land and water are being exposed and decide whether the benefits of using a particular pesticide indeed outweigh the costs.

The farm community faces a true dilemma in using pesticides. For the farmer, the land's long-term productivity depends on maintaining its environmental integrity. But as a businessman, the farmer is compelled to use some pesticides to protect crops. The environmental risks of pesticides have been incompletely documented. The new FIFRA bill attempts to clarify and rank risks.

Farm planning could be enhanced by determining which chemicals are both safe and effective, and which pose an unacceptable threat to human health and the environment. Although some products will assuredly lose their registration or be voluntarily withdrawn, as in the case of specialty chemicals with limited markets, other products using different formulations will likely take their place.

Many persons may be at risk for cancer, birth defects, and sterility from low-level chronic exposure to certain pesticides. The provisions in the FIFRA bill covering worker safety and applicator certification attempt to improve rural work conditions and contribute to the long-term health of the rural population.

Effect on Pesticide Costs Hard To Predict

One impact of the proposed bill that is difficult to determine now is the effect on pesticide costs. Under the current version, with chemical manufacturers required to provide EPA $150,000 for each proprietary active ingredient, fees assessed for a single manufacturer could be substantial.

However, the larger manufacturers who hold most patent rights to active ingredients currently in use can absorb these fees more easily than a small specialty producer can. Competition among large manufacturers producing similar pesticides may prevent price increases. Farmers who use chemicals manufactured by specialty producers, though, may see price increases from the greater costs imposed by the new bill.

An important but hard-to-measure consideration is the intrinsic value of new information on pesticides' human health effects. The value of such information may offset increases in explicit costs of production.

[Philip Szmedra (202) 786-1462]

What Will It Cost Farmers To Comply With Conservation Provisions?

The Food Security Act of 1985 contains soil conservation provisions that will strongly discourage farmers from cultivating highly erodible lands. The sodbuster and conservation compliance provisions are designed to reduce erosion from cropland and assure that current commodity price support and production adjustment programs are more consistent with conservation programs than past programs have been.

The sodbuster provision will apply to all persons who convert highly erodible land to cropland without implementing an approved conservation plan. The provision makes such producers ineligible for price support loans, purchases, and payments for program crops; for loans made, insured, or guaranteed by the Farmers Home Administration; for federal crop insurance; and for disaster payments. The provision applies to all land which, if cultivated, is highly likely to erode excessively.

The conservation compliance provision will make all persons already cultivating highly erodible cropland ineligible for the same programs and benefits unless they implement a conservation plan on the land. Implementation of the conservation plan must begin by 1990 and must be completed no later than 1995.

Erosion Index Based on Slope, Rainfall, Type of Soil

The two provisions apply to fields rather than to specific soils. That is, if one-third (or 50 acres, whichever is less) of a field contains highly erodible land, the entire field is considered highly erodible and a conservation plan must be implemented.

The county offices of the Soil Conservation Service contain soil maps identifying highly erodible land. For the two provisions, "highly erodible" includes all land with an erodibility index (EI) greater than or equal to 8 (EI $\geq$ 8).

The erodibility index is a measure of the inherent potential of a soil to erode. It considers only the geophysical characteristics, such as length and steepness of slope, rainfall intensity and duration, and soil characteristics. Management variables, such as amount of cover and tillage practice, are ignored in the EI because these can change as ownership or use of the land changes.

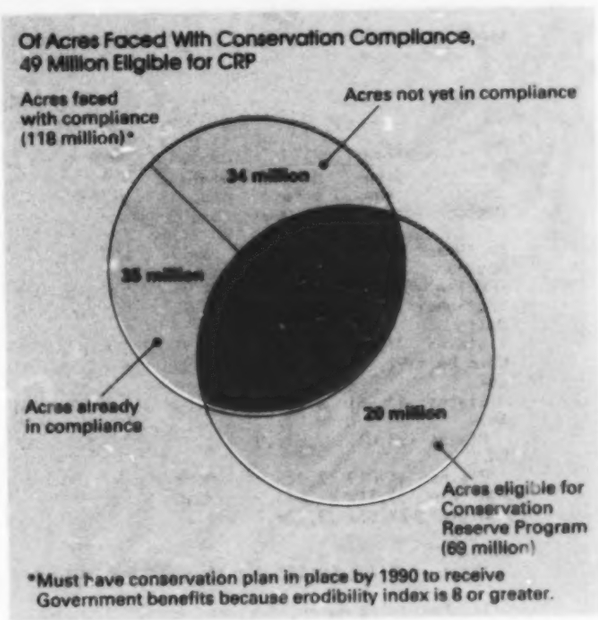
The tolerance level (T) is an indicator of how quickly a soil can naturally regenerate. The proportion of the physical characteristics to the soil tolerance level determines the value for the erodibility index.

84 Million Acres Are Eroding Faster Than They Can Regenerate

The 1982 Natural Resource Inventory identified 118 million acres that fit the EI $\geq$ 8 criteria. Of this total, 84 million are currently eroding at a rate greater than the tolerance level (1T), 64 million are eroding at more than twice the tolerance level (2T), and 49 million are eroding at more than three times the tolerance level (3T).

Erosion on roughly 44 million of these acres is caused by water, while the remainder is caused by wind. Water erosion occurs predominantly in the Eastern third of the United States and the Pacific Northwest, while wind erosion occurs predominantly in the Southern Plains and Mountain regions.

The cost of implementing a conservation plan depends upon the inherent erodibility of the soil, the current level of erosion, and the degree of erosion reduction the plan attempts to achieve. In general, conservation plans are developed by the local conservation district, in consultation with the farmer, and attempt to reduce the level of erosion to 1T.


Of Acres Faced With Conservation Compliance, 49 Million Eligible for CRP
Acres faced with compliance (118 million)*
Acres not yet in compliance
34 million
35 million
Acres already in compliance
20 million
Acres eligible for Conservation Reserve Program (69 million)
*Must have conservation plan in place by 1990 to receive Government benefits because erodibility index is 8 or greater.

Conservation Reserve Grows Rapidly

Total acreage for the Conservation Reserve Program reached 8.9 million during the August sign-up. In addition to the 3.8 million acres already signed up, an additional 5.1 million were accepted in August; producers bid 6.4 million acres. Approximately 280,000 acres of the accepted bids were slated for conversion to timber.

Sign-up continues to be heaviest in the Mountain and Southern Plains regions. These regions account for about 45 percent of the total accepted acreage. The Northeast, Appalachia, and the Corn Belt continue to lag behind in participation.

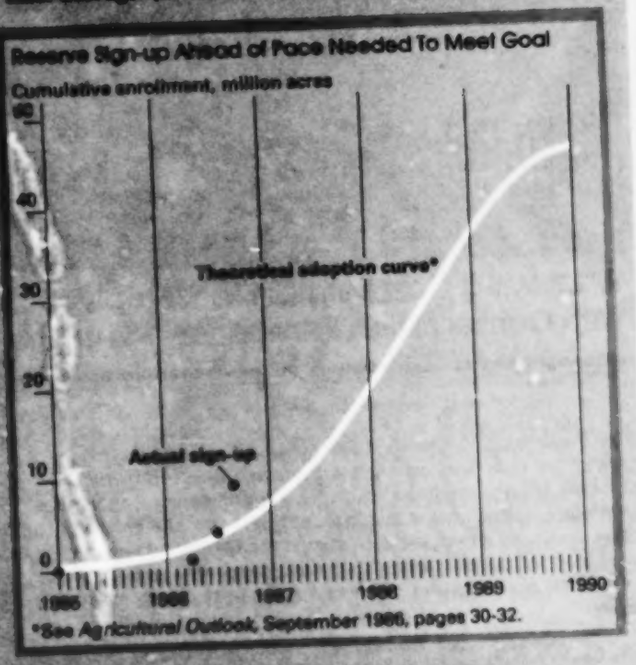
The average bid increased by $5, rising from about $42 per acre for the 3.8 million accepted earlier to just under $47 for the area signed up in August.

Several factors contributed to the increased rate of sign-up:

- Recent farm financial stress. Low commodity prices, spot tightness in storage facilities, and further declines in farmland values may have encouraged some farmers to seek a predictable income from CRP.
- More familiarity with the CRP and conservation compliance. Farmers now have a better idea of what bid levels are acceptable, which land is eligible, and what the conservation compliance provisions mean.
- Bid acceptance levels sufficient to pay the farmer to enroll the land. In some areas, particularly in the regions with highest August enrollment—such as the Southern Plains (22 percent of total enrollment) and Mountain region (25 percent)—bid acceptance averaged 10-30 percent of the average value of all real estate.

New Mexico (5 percent of the total CRP acreage) and Montana (4 percent) are the two States with the highest ratio of bid to real estate value. They have average bid acceptance levels of $38 and $40, respectively, with average farm real estate values of $134 and $204. This gives them bid-to-value ratios of 28 and 20, respectively. In comparison, the Corn Belt, with low participation, has an average bid-to-value ratio of 7. Iowa and Missouri, with the highest participation in the Corn Belt, had ratios of 9 and 10 while Illinois, Indiana, and Ohio, with minimal participation, each had a ratio of 6.

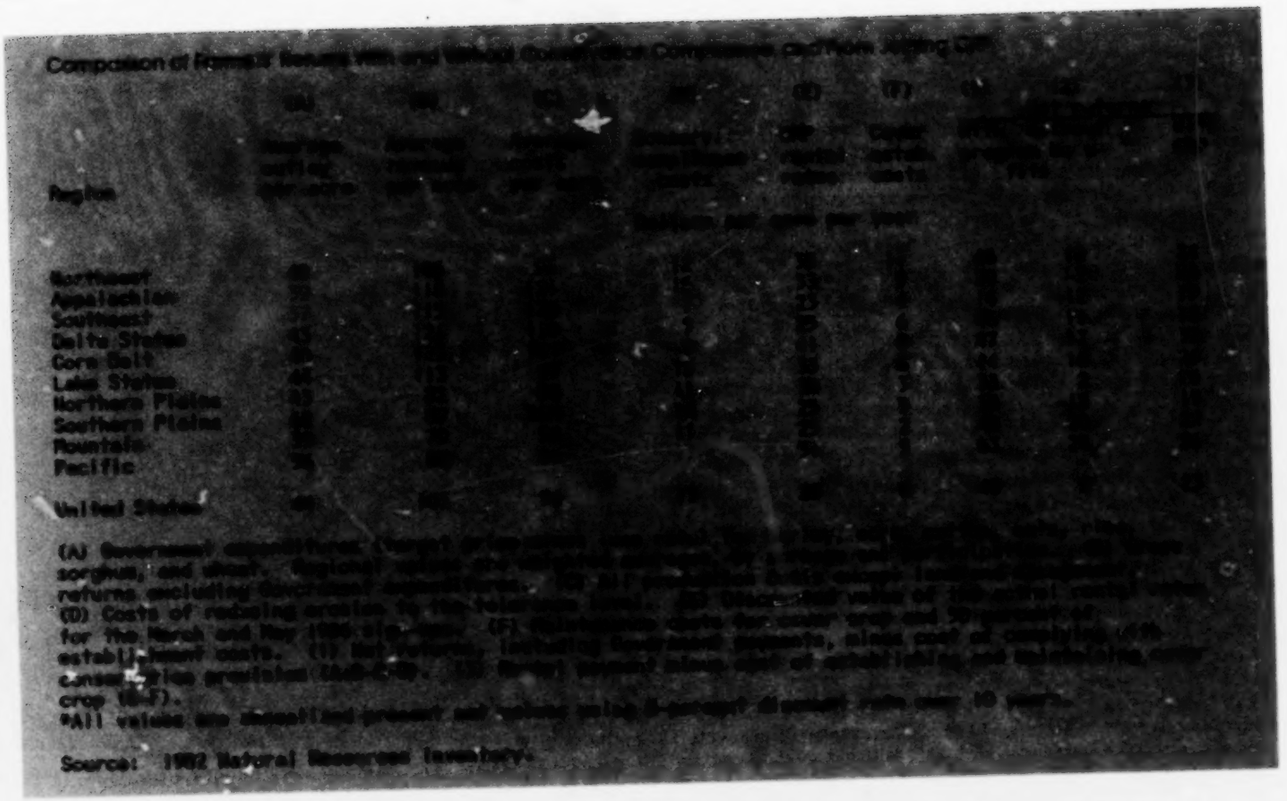
Thus, where the sum of the annual CRP rental payments over 10 years approaches the value of farm real estate, participation appears about average; where the sum of the annual payments is notably greater than the farm real estate value, participation is significantly higher than average. *[Michael R. Dicks (202) 786-1404]*



Preliminary Summary of the Conservation Reserve, September 3'

Region	Total crop-land (1,000)	Eligible acres (1,000)	Eligible as percent of State crop-land	1987 allotment	Allotment as percent of U.S. total eligible	Acres accepted	Percent of U.S. total accepted	Percent of allotment accepted	Bids	Price /acre	Acres /bid	$/acre limit
Northeast	17,268	2,335.6	13.53	504,552	3.36	41,328	0.46	8.19	1,174	54.96	35	50-65
Appalachian	22,555	4,973.0	22.05	1,074,300	7.16	315,277	3.51	29.16	6,603	52.13	47	45-60
Southeast	18,324	2,438.0	13.30	526,673	3.51	490,911	5.50	93.21	7,418	38.94	66	40-60
Delta States	21,909	1,736.8	7.93	375,195	2.50	278,270	3.12	74.17	3,886	40.61	73	40-50
Corn Belt	92,421	16,178.5	17.50	3,493,250	23.29	885,736	9.92	25.36	13,101	65.91	68	40-90
Lake States	43,961	4,413.8	10.04	953,498	6.36	774,887	8.67	81.18	9,999	55.67	77	20-85
No. Plains	93,633	9,377.0	10.01	2,025,681	13.50	1,900,993	15.34	67.59	11,202	46.16	122	28-70
So. Plains	44,819	12,925.8	28.84	2,792,144	18.61	1,578,900	17.68	56.54	6,837	39.48	231	35-55
Mountain	43,219	11,840.0	27.40	2,557,795	17.05	2,449,250	27.40	95.68	6,579	38.92	372	33-50
Pacific	22,683	3,226.2	14.22	696,945	4.65	749,120	8.39	107.49	2,115	48.67	354	50-65
U.S. total	420,792	69,435.9	16.50	15,000,000	100.00	8,925,569	100	59.50	68,854	45.50	130	20-90

1/ Following March, May, and August sign-ups.



However, the rules and regulations for conservation compliance are flexible to a degree. While every attempt will be made to reduce erosion to 1T, in some cases the local conservation district, in consultation with the farmer, may determine that to be infeasible. Then, the goal is set at an agreed-upon level not to exceed 2T. But, for purposes of cost estimation, the cost of implementing a conservation plan can be assumed in most cases to be the cost of attaining an erosion level of 1T.

Because the deadline for compliance is 4 years in the future, many factors are uncertain. Congress could pass other legislation before implementation of a conservation plan becomes mandatory. Also, commodity prices may rebound by 1990. If either situation occurs, the incentive to comply with sodbuster and conservation compliance provisions will be diminished. Both of these scenarios are possible.

However, social awareness of agriculture's contribution to water pollution continues to grow. The current legislation reflects, to some degree, the efforts of conservation-oriented groups. These efforts may intensify through the end of the decade, placing even more stringent requirements on farmers with erodible soils.

Producer Has Four Options To Weigh

Farmers will decide between compliance (with continued program eligibility) and noncompliance (with the loss of eligibility) on the basis of the anticipated impact on income.

Where both alternatives fail to produce acceptable net returns, a third alternative may be to change the current land use—for example, from crop production to pasture. One additional alternative would be to enroll the acreage in the Conservation Reserve Program (CRP). However, enrollment in the CRP provides a limited alternative because only 40-45 million acres will be accepted into it, and only 49 million acres of all highly erodible (EI $\geq$ 8) cropland are eligible for the CRP under the current definition.

Thus, to make a decision concerning compliance a producer needs to compare:

- net returns for current land uses, with program benefits, minus compliance costs,
- net returns obtained from current land uses with no program benefits,
- net returns, including program benefits, for an alternative set of land uses, and
- the revenue obtained from participation in the CRP.

Annualized, per acre present net values (8-percent discount rate, 10 years)[1] can be used to compare the alternatives by region. The average annual values are compared in the accompanying table. All values represent a weighted average for the acreage of crops (barley, corn, cotton, oats, rice, sorghum, soybeans, and wheat) grown in each region.

Government commodity program expenditures are estimated for 1986-90. For the United States as a whole, annual expenditures are estimated to be $44 per acre. That is,

[1]Because of money's ability to earn interest, a dollar in the present is worth more than a dollar in the future. Thus, present value (using an 8 percent interest, or discount, rate) is used to translate future dollars into 1986 equivalent dollars.

USDA program benefits for the commodities identified will average $44 (in 1986 dollars) for each of the next 10 years.

Nonprogram revenues are estimated at $103 per acre and production costs (excluding land and management) at $94 per acre. Thus, per acre net returns with and without program participation are $53 and $9, respectively. The importance of the price support payments is most notable for the Southeast, Appalachian, and Southern Plains regions—in those three areas, average annual net returns are actually negative without participation.

Conservation Compliance Costs Average $13 Per Acre Per Year

Based on the costs of erosion reduction in previous conservation programs, the average annual cost of conservation compliance is estimated at $13 per acre (8-percent discount rate, 10 years). That is, to continue eligibility in price support programs, farmers with highly erodible lands will need to invest $13 per acre per year, reducing net returns to $40 per acre.

Thus, for the average acre, the net return with participation in Government programs and implementation of a conservation plan still exceeds the net return without the support payments. However, some producers working erodible croplands may have already spent some money on earlier conservation treatment. Further treatment will likely be more extensive and bring the total cost to significantly more than the $13 average. Also, many of the highly erodible soils have lower-than-average yields, implying a lower average annual net return (with and without participation) than calculated.

CRP Gives Highest Returns In Southeast and Appalachian Regions

The returns from participation in the CRP represent the discounted value in 1986 real dollars that farmers would receive for each of the 10 contract years, minus the costs of planting and maintaining a cover. For the Southeast and Appalachian regions, returns to CRP participation exceed those for the average crop-producing acre receiving price support payments.

Location of Highly Erodible Cropland (EI ≥ 8) and Cropland Eroding Faster Than It's Regenerating

	Total cropland	AE>1T	EI≥8	AE>1T EI≥8	AE>1T water	AE>1T&EI≥8 water
	Million acres					
Northeast	17.3	6.0	7.5	4.0	9.1	6.3
Appalachia	22.6	9.9	9.7	6.5	13.2	8.9
Southeast	18.0	7.9	3.9	2.4	7.9	2.5
Delta	21.9	9.0	2.8	2.5	3.3	1.0
Corn Belt	92.4	50.4	23.1	20.3	28.1	11.6
Lake States	44.0	21.6	6.0	4.4	6.7	1.4
Northern Plains	93.6	38.9	25.0	17.1	13.4	6.1
Southern Plains	44.8	24.3	14.8	12.0	3.5	1.8
Mountain	43.3	22.4	19.7	10.2	3.1	1.5
Pacific	22.7	6.8	5.3	3.7	5.1	2.8
U.S. total	420.6	197.2	117.8	83.1	93.4	43.9

EI = erodibility index, AE = actual erosion, T = tolerance level.

Source: 1982 Natural Resources Inventory.

Acres Not Eligible for CRP, But Conservation Required for Benefits

Region	IT < AE 1/ < 2T	EI ≥ 8 Highly erodible 2T≤AE<3T	All cropland
	Million acres		
Northeast	1.3	.9	7.5
Appalachian	1.2	1.0	9.7
Southeast	.5	.5	3.9
Delta States	.4	.5	2.8
Corn Belt	2.5	3.0	23.1
Lake States	1.4	.9	6.0
Northern Plains	7.2	4.0	25.0
Southern Plains	1.9	1.3	14.8
Mountain	2.4	1.7	19.7
Pacific	.6	.9	5.3
U.S. total	19.3	14.7	118.0

1/ AE = actual erosion; T = tolerance level, a measure of how quickly a soil can naturally regenerate; EI = erodibility index. An index ≥ 8 is considered highly erodible.

Source: 1982 Natural Resources Inventory.

The CRP rental rates used here are based on the March and May 1986 bids accepted. As the bids are somewhat reflective of productivity, and more productive cropland is likely to be enrolled in the CRP each year, the average annual rental rates are likely to increase. This, coupled with the fact that CRP acres are likely to have lower returns than indicated (because enrolled acres are usually less productive), means that the CRP alternative becomes increasingly attractive.

However, there are 34 million highly erodible acres that must be planted under a conservation plan to continue to be eligible for program benefits, but that are not eligible for the CRP because their erosion is not greater than three times tolerance. Moreover, only 40-45 million acres will be accepted into the CRP—so again, the CRP option is not available to every producer.

Because of Costs, Continued Conservation Will Hinge on Tie-in to Program Benefits

To remain eligible for benefits, about one-third of the 84 million highly erodible acres requiring conservation compliance will be forced to rotate to less intensive crop production as well as change conservation and tillage practices. Owners of these acres will face an annual reduction in net returns of $13 plus a further 10- to 20-percent reduction from implementing less intensive rotations. Owners of the remaining two-thirds of highly erodible land will be able to comply by changing conservation and tillage practices, reducing their net returns $13 per acre per year.

As long as USDA program benefits remain important for farmers' economic survival, the conservation compliance provision will significantly reduce soil erosion. In addition to the reduction in soil erosion, water quality, wildlife habitats, and recreation will benefit. However, if farmers' need for program benefits decreases, the sodbuster and conservation compliance provisions will lose their impact. *[Michael R. Dicks (202) 786-1401]*

Excess Capacity and Resource Allocation in Agriculture, 1940-1985

A major part of the last half-century's agricultural policy has dealt with the phenomenon of production capabilities' growing faster than domestic and foreign demand. Acreage reduction programs and price supports have been designed to maintain farm income while keeping excess supply as low as possible.

The paradox is that while Government acreage reduction programs put currently unneeded land in reserve, price support programs encourage more intensive use of the remaining acres. This situation not only changes the allocation of resources in agriculture, but boosts yields on land remaining in production. Increased yields have played an important part in the current and past excess supplies of farm products.

The agricultural sector's excess capacity is the difference between potential supply and commercial demand at prevailing prices. Potential supply is actual production plus possible production from diverted acres.

Although other factors influence excess capacity, the primary one is the support of agricultural prices above market-clearing prices. Under free-market conditions, excess supply would normally lead to a combination of falling commodity prices, reduced production, and increased consumption, which over time would solve the problem through reallocation of resources in agriculture.

Excess capacity exists for wheat, corn, oats, barley, sorghum, cotton, soybeans, rye, rice, tobacco, peanuts, and dairy products. These are the commodities that have traditionally been given the most policy attention.

The measurement of excess capacity is composed of three parts:

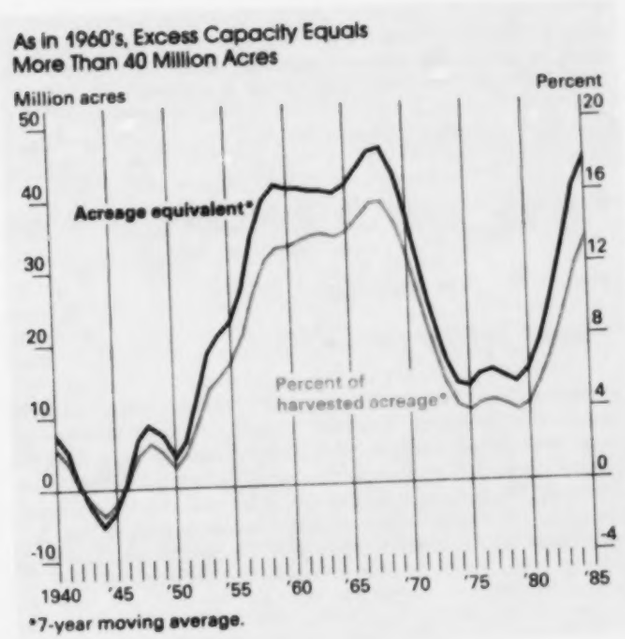
- production potential from reduced program acres (diverted production),
- noncommercial exports, and
- unsold output or excess supply.

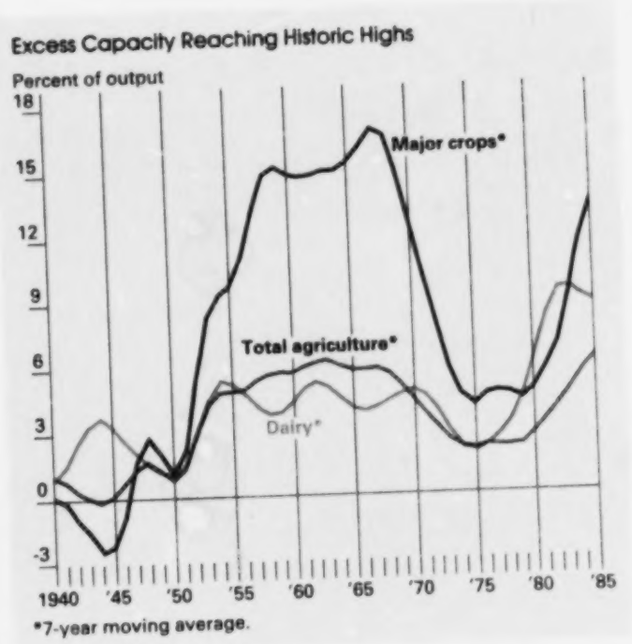
How are these measurements derived? The first is calculated by considering the recorded number of acres diverted by various programs, the impact of the diversion programs on actual harvested acres, and the yield potential of the acres diverted. Noncommercial exports are those dependent on Government financial assistance. Unsold output is the difference between production and disappearance. The following is an example of calculating excess capacity for wheat in 1985:

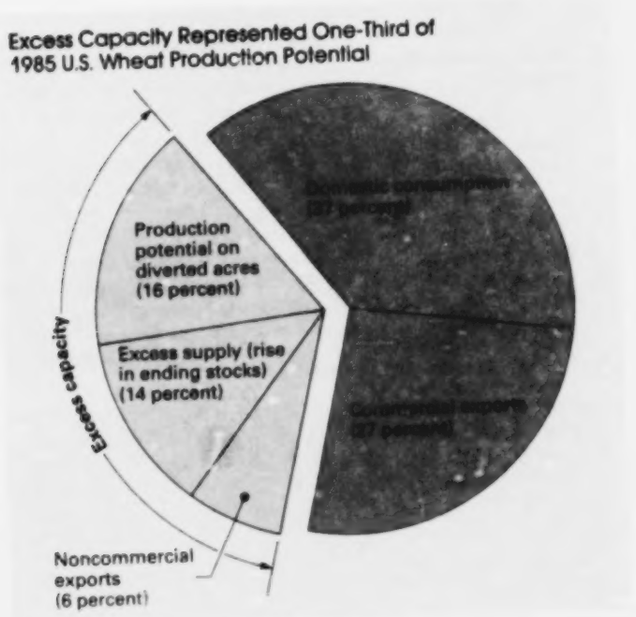
Excess Capacity Calculation

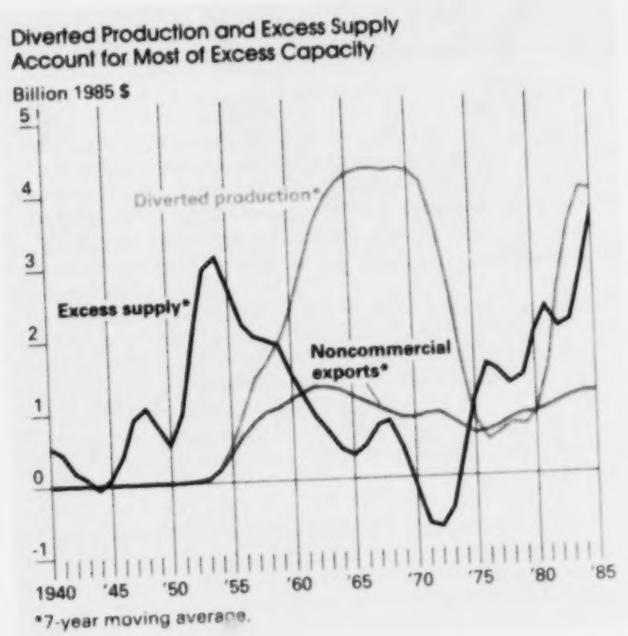
	Million bushels	
Wheat production	2,425	
Imports	12	
Total supply	2,437	
Domestic utilization	1,050	
Total exports	915	
Total disposition	1,965	
Excess supply		472
Noncommercial exports 1/		160
Wheat reduced program acres 2/	20.8 million acres	
Effectiveness of reduced program acres 3/	75 percent	
Average wheat yield	37.5 bu.	
Average yield on reduced program acres 4/	30.0 bu.	
Potential production from reduced program acres		468 mil. bu.
Excess capacity		1,100 mil. bu.
Excess capacity (percent of potential production 5/)	38	

1/ The portion of each commodity exported under P.L. 480 and GSM credit programs that would not have been exported without them. 2/ Includes all the acres that were placed under any Government program to divert production, including mandatory set-aside and paid diversion. 3/ The estimated relationship between the increase in diverted acres and the reduction in harvested acres. Diverting 100 acres decreases harvested acreage by 75 acres. 4/ Since farmers tend to divert their least productive areas, it is assumed that the average yield of these acres will be only 80 percent of nonprogram acres. 5/ Potential production equals the sum of actual production and diverted production under reduced program acres.


As in 1960's, Excess Capacity Equals More Than 40 Million Acres
Million acres
Percent
Acreage equivalent*
Percent of harvested acreage*
1940 '45 '50 '55 '60 '65 '70 '75 '80 '85
*7-year moving average.




Excess Capacity Represented One-Third of 1985 U.S. Wheat Production Potential
Production potential on diverted acres (16 percent)
Excess supply (rise in ending stocks) (14 percent)
Excess capacity
Noncommercial exports (6 percent)


Diverted Production and Excess Supply Account for Most of Excess Capacity
Billion 1985 $
Diverted production*
Excess supply*
Noncommercial exports*
1940 '45 '50 '55 '60 '65 '70 '75 '80 '85
*7-year moving average.

Long-run total excess capacity for U.S. agriculture averaged only 6 percent of production during 1979-1985. During the 1940's, excess capacity was very small, around 1 percent. However, the sharp increase in crop yields and planted acres after the end of World War II led to a rapid growth of total agricultural excess capacity.

Excess capacity is a much more serious problem for the seven major crops (wheat, corn, oats, barley, sorghum, cotton, and soybeans) than for the rest of U.S. agriculture. During the 1950's, 1960's, and in recent years, excess capacity for this group has been two to three times higher than for the entire agricultural sector. The excess capacity of the seven major crops reached 13 percent of their total production during 1979-1985. Excess capacity has increased during the 1980's.

Excess capacity of the minor crops (rye, rice, tobacco, and peanuts) has declined significantly in the last few years. However, dairy excess capacity has increased sharply since 1975; in 1982 and 1983, it peaked at more than 9 percent.

The composition of excess capacity has changed over the years. During the 1940's and the early 1950's, it was mostly due to excess supply. However, during the 1960's, most of the excess capacity was reserved in the form of diverted cropland. In the last few years, excess capacity has been shared almost equally between diverted cropland and excess supply.

One way to express excess capacity is to show it as an acreage equivalent. Note, though, that cropland is not the only resource responsible for excess capacity, nor is acreage diversion the only way to deal with the problem.

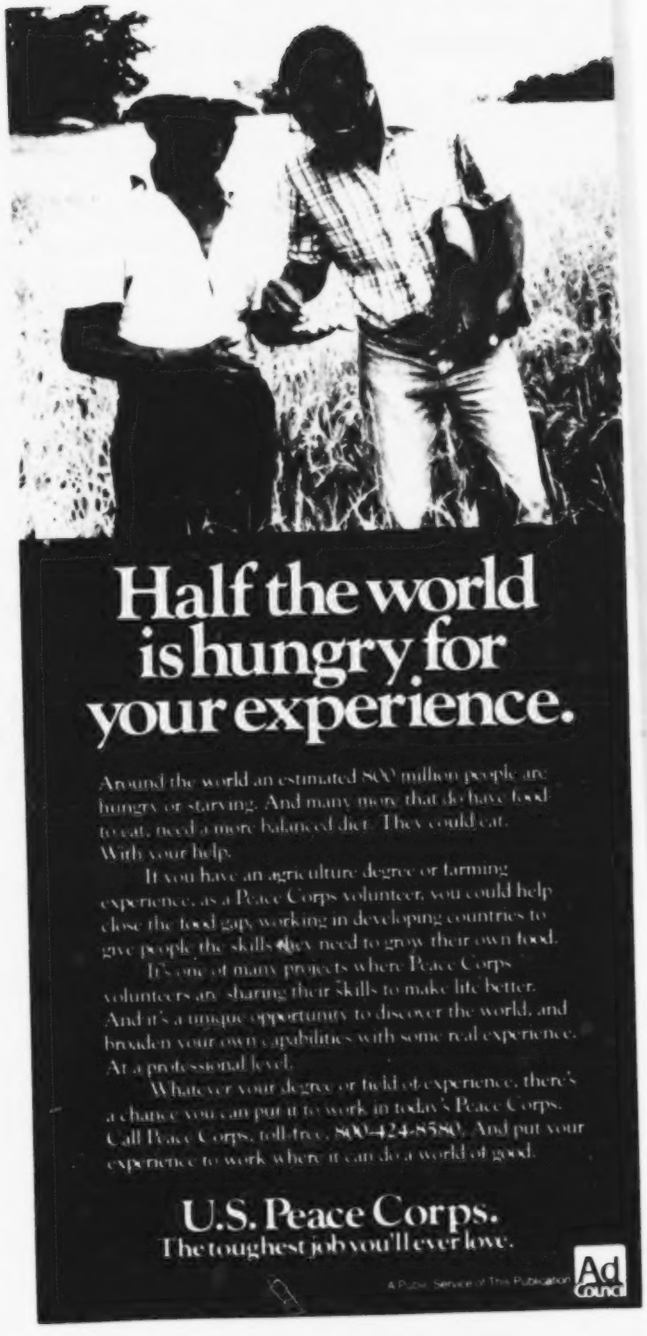
The derived acreage equivalent also does not represent the actual number of acres that would have to be diverted to eliminate excess capacity. In reality, the number of acres that would have to be taken out of production might be 50 to 100 percent greater than the acreage equivalent, in order to balance production potential with commercial demand.

Reasons for this discrepancy include the following:

- Acreage reduction programs are only about two-thirds effective. On average, 3 acres must be removed from production to eliminate the actual production of 2 acres.
- Acres that are taken out of production are likely to be less productive. Therefore, the actual reduction in crop quantities will be much smaller than the reduction in the number of acres.
- Participating farmers are likely to increase production on their remaining acres by boosting inputs.
- Nonparticipating farmers are likely to increase the use of all inputs in anticipation of higher commodity prices.

The recent high levels of excess capacity were due to reductions in exports. Now, the policy of maintaining farm income through price supports and acreage diversion programs has converted that export reduction to excess capacity.

The real 1985 value of long run excess capacity, $8.5 billion, is significantly greater than the previous peak in the 1960's. Thus, the current inefficient resource use in agriculture appears to be as great or greater than in the 1960's. *[Dan Dvoskin (202) 786-1401]*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Statistical Indicators

Summary Data

Table 1.—Key statistical indicators of the food and fiber sector

	1985			1986					1987
	III	IV	Annual	I	II	III F	IV F	Annual F	I F
Prices received by farmers (1977=100)	122	126	128	123	122	124	123	123	--
Livestock & products	129	136	136	133	130	146	147	139	--
Crops	116	114	120	112	112	101	98	106	--
Prices paid by farmers, (1977=100)	149	149	151	149	146	145	144	146	143
Prod. items	162	162	163	163	161	161	161	162	160
Commodities & services, int., taxes, & wages	140	157	142	132	131	133-137	138-142	132-136	--
Cash receipts ($ bil.) 1/	68	73	69	69	68	72-76	72-76	69-73	--
Livestock ($ bil.)	72	84	73	63	63	59-63	65-69	61-65	--
Crops ($ bil.)									
Market basket (1967=100)	282	283	283	285	285	288	290	287	--
Retail cost	229	236	238	227	228	230	239	233	--
Farm value	313	310	309	319	318	320	318	319	--
Spread	30	31	31	30	29	30	31	30	--
Farm value/retail cost (%)									
Retail prices (1967=100)	310	311	310	315	317	320	322	316-320	--
Food	296	297	297	302	302	305	307	300-306	--
At home	349	351	347	354	359	362	363	358-362	--
Away-from home									
Agricultural exports ($ bil.) 2/	5.7	7.8	31.2	7.4	6.2	6.1	7.8	26.5	7.1
Agricultural imports ($ bil.) 2/	4.6	4.9	19.7	5.6	5.7	3.8	4.9	20.5	5.5
Production:									
Red meats (mil. lb.)	9,931	9,814	39,136	9,551	10,021	9,657	9,347	38,576	9,157
Poultry (mil. lb.)	4,452	4,293	16,871	4,107	4,531	4,695	4,580	17,912	4,445
Eggs (mil. doz.)	1,408	1,442	5,688	1,421	1,418	1,430	1,470	5,739	1,450
Milk (bil. lb.)	36.8	35.6	143.7	36.2	38.5	35.9	34.4	145.0	34.8
Consumption, per capita:									
Red meats and poultry (lbs)	54.6	55.3	214.6	51.9	54.1	53.5	53.9	213.4	51.5
Corn beginning stocks (mil. bu.) 3/	2,835.5	1,648.2	1,648.2	8,614.7	6,587.1	4,988.6	4,013.0	4,013.0	--
Corn use (mil. bu.) 3/	1,188.4	1,899.5	6,505.0	2,028.9	1,600.4	976.6	--	6,950.0	--
Prices: 4/									
Choice steers--Omaha ($/cwt)	52.17	61.42	58.37	57.22	54.52	58-60	60-64	57-59	61-67
Barrows and gilts--7 mkts. ($/cwt)	43.62	45.05	44.77	43.50	47.23	60-62	54-58	51-53	53-59
Broilers--12-city (cts./lb.)	50.9	50.2	50.8	50.3	54.3	65-67	55-59	56-58	50-56
Eggs--NY Gr. A large (cts./doz.)	68.3	75.9	66.5	74.2	63.4	71-73	68-72	69-71	62-68
Milk--all at plant ($/cwt.)	12.17	12.60	12.73	12.37	11.97	12.10-12.30	13.00-13.40	12.35-12.50	12.10-12.70
Wheat--Kansas city HRW ($/bu.)	3.09	3.31	3.40	3.33	3.23	--	--	--	--
Corn--Chicago ($/bu.)	2.52	2.41	2.65	2.48	2.51	--	--	--	--
Soybeans--Chicago ($/bu.)	5.31	5.11	5.55	5.34	5.32	--	--	--	--
Cotton--Avg. spot mkt. (cts./lb.)	57.9	56.1	58.5	60.0	64.0	--	--	--	--

	1978	1979	1980	1981	1982	1983	1984	1985	1986 F
Gross cash income ($ bil.)	117.1	135.1	143.3	146.0	150.6	150.2	154.9	156.2	149-153
Gross cash expenses ($ bil.)	84.2	101.7	109.1	113.2	113.8	113.0	115.6	112.2	104-108
Net cash income ($ bil.)	33.0	33.4	34.2	32.8	36.8	37.1	39.2	44.0	43-47
Net farm income	27.4	31.7	20.2	29.8	22.7	15.0	32.7	30.5	25-29
Farm real estate values (1977=100)	109	125	145	158	157	148	146	128	112

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Dec.-Feb. first quarter; Mar.-May second quarter; June-Aug. third quarter; Sept.-Nov. fourth quarter; feed year annual. Use includes exports and domestic disappearance. 4/ Simple averages. F = Forecast.

Table 2.—U.S. gross national product and related data

	Annual			1985			1986	
	1983	1984	1985	II	III	IV	I	II r
	$ Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,405.7	3,765.0	3,998.1	3,965.0	4,030.5	4,087.7	4,149.2	4,179.8
Personal consumption expenditures	2,234.5	2,428.2	2,600.5	2,576.0	2,627.1	2,667.9	2,697.9	2,735.3
Durable goods	289.1	331.2	359.3	354.0	373.3	362.0	360.8	375.7
Nondurable goods	816.7	870.1	905.1	902.3	907.4	922.6	929.7	929.1
Clothing & shoes	135.1	147.2	155.2	155.0	155.4	158.7	161.3	165.5
Food & beverages	421.9	449.9	469.3	469.3	470.4	477.4	484.6	489.9
Services	1,128.7	1,227.0	1,336.1	1,319.7	1,346.4	1,383.2	1,407.4	1,430.5
Gross private domestic investment	502.3	662.1	661.1	667.1	657.4	669.5	708.3	684.7
Fixed investment	509.4	598.0	650.0	648.0	654.3	672.6	664.4	672.2
Change in business inventories	-7.1	64.1	11.1	19.1	3.1	-3.1	43.8	12.5
Net exports of goods & services	-6.1	-58.7	-78.9	-77.1	-83.7	-105.3	-93.7	-100.2
Government purchases of goods & services	675.0	733.4	815.4	799.0	829.7	855.6	836.7	860.0
	1982 $Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,279.1	3,489.9	3,585.2	3,567.6	3,603.8	3,622.3	3,655.9	3,661.5
Personal consumption expenditures	2,146.0	2,246.3	2,324.5	2,311.9	2,342.0	2,351.7	2,372.7	2,410.4
Durable goods	283.1	318.9	343.9	338.8	357.4	347.0	345.4	358.8
Nondurable goods	800.2	828.6	841.6	841.3	843.8	847.2	860.6	878.1
Clothing & shoes	132.7	142.7	146.0	146.0	146.5	147.5	152.4	157.6
Food & beverages	414.3	424.2	433.4	437.4	435.3	435.1	441.1	443.9
Services	1,062.7	1,098.7	1,139.0	1,131.8	1,140.8	1,157.5	1,166.6	1,173.5
Gross private domestic investment	504.0	652.0	647.7	655.6	643.8	653.2	684.0	659.2
Fixed investment	510.4	592.8	638.6	638.1	643.1	658.4	644.1	647.5
Change in business inventories	-6.4	59.2	9.0	17.4	0.7	-5.2	39.9	11.6
Net exports of goods & services	-19.9	-83.6	-108.2	-108.1	-113.8	-132.0	-125.9	-150.5
Government purchases of goods & services	649.0	675.2	721.2	708.3	731.8	749.4	725.2	742.4
GNP implicit price deflator % change	3.9	3.8	3.3	3.3	2.5	3.6	2.5	2.5
Disposable personal income ($bil.)	2,428.1	2,670.6	2,828.0	2,842.3	2,832.0	2,882.2	2,935.1	2,981.7
Disposable per. income (1982 $bil.)	2,331.9	2,470.6	2,528.0	2,550.8	2,524.7	2,540.7	2,581.2	2,627.4
Per capita disposable per. income ($)	10,340	11,265	11,817	11,893	11,819	11,999	12,193	12,351
Per capita dis. per. income (1982 $)	9,930	10,421	10,563	10,674	10,537	10,577	10,723	10,889
U.S. population, total, incl. military abroad (mil.)	234.8	237.1	239.3	239.0	239.6	240.2	240.7	241.2
Civilian population (mil.)	232.6	234.9	237.0	236.7	237.2	237.9	238.4	239.0

	Annual			1985	1986			
	1983	1984	1985	July	Apr	May	June	July p
	Monthly data seasonally adjusted							
Industrial production (1977=100)	109.2	121.8	124.5	124.1	125.3	124.6	124.2	124.1
Leading economic indicators (1967=100)	156.0	165.8	169.1	169.2	178.3	178.2	177.4	179.4
Civilian employment (mil. persons)	100.8	105.0	107.2	106.9	108.9	109.1	109.7	109.9
Civilian unemployment rate (%)	9.6	7.5	7.2	7.3	7.1	7.3	7.1	6.9
Personal income ($ bil. annual rate)	2,838.6	3,110.2	3,314.5	3,315.4	3,488.8	3,484.0	3,485.6	3,502.5
Money stock-M2 (daily avg.) ($bil) 1/	2,188.8	2,373.7	2,565.8	2,496.2	2,622.4	2,649.7	2,670.9	2,698.9
Three-month Treasury bill rate (%)	8.63	9.58	7.48	7.05	6.06	6.12	6.21	5.84
Aaa corporate bond yield (Moody's) (%)	12.04	12.71	11.37	10.97	8.79	9.09	9.13	8.88
Housing starts (thou.) 2/	1,703	1,750	1,742	1,673	2,019	1,853	1,852	1,818
Auto sales at retail, total (mil.)	9.2	10.4	11.0	10.1	11.2	11.4	11.1	10.7
Business inventory/sales ratio	1.38	1.34	1.37	1.38	1.37	1.39	1.39	--
Sales of all retail stores ($ bil.)	97.9	107.8	114.5	114.6	117.7	118.7	118.6 p	118.7
Nondurable goods stores ($ bil.)	64.8	68.9	71.6	71.7	72.8	73.1	73.4 p	73.5
Food stores ($ bil.)	21.2	22.5	23.5	23.5	24.1	24.2	24.4 p	24.6
Eating & drinking places ($ bil.)	9.6	10.4	10.9	11.0	11.7	11.7	11.7 p	11.6
Apparel & accessory stores ($ bil.)	5.0	5.4	5.8	5.8	6.2	6.2	6.3 p	6.3

1/ Annual data as of December of the year listed. 2/ Private, including farm. p = preliminary. r = revised.

Information contact: James Malley (202) 786-1283.

Table 3.—Foreign economic growth, inflation, and export earnings[1,2]

	Average 1970–74	Average 1975–79	1980	1981	1982	1983	1984	1985	1986 est.
	Annual percent change								
Total foreign									
Real GNP	5.5	3.7	2.60	1.63	1.68	1.95	3.32	3.07	2.60
CPI	10.2	14.0	16.7	15.8	14.4	18.7	21.5	21.5	11.1
Export earnings	27.5	14.6	22.6	-2.0	-7.2	-2.5	5.6	1.5	--
Developed less U.S.									
Real GNP	4.8	3.1	2.34	1.33	1.08	1.86	5.49	5.04	2.71
CPI	8.4	9.4	10.9	9.6	8.1	6.1	5.1	4.7	2.7
Export earnings	23.9	14.9	17.0	-3.5	-4.2	-0.5	6.1	4.9	--
Centrally planned									
Real GNP	5.1	3.5	1.5	2.1	2.7	3.43	4.32	3.72	3.35
Export earnings	19.4	16.1	16.5	5.4	6.0	8.2	1.5	-5.1	--
Latin America									
Real GNP	7.4	5.1	5.28	.73	-0.54	-2.74	2.97	3.70	1.79
CPI	23.5	55.7	61.3	64.9	72.6	126.2	174.3	179.7	82.0
Export earnings	28.1	12.8	30.1	7.4	-12.1	-0.3	7.0	-4.7	--
Africa & Middle East									
Real GNP	8.9	6.4	1.29	0.02	1.42	0.07	0.29	0.26	-1.00
CPI	8.7	16.4	22.1	19.7	12.0	19.0	8.7	8.3	7.4
Export earnings	49.6	43.2	38.5	-7.0	-20.2	-17.2	-5.5	-11.2	--
Asia									
Real GNP	6.0	6.8	6.31	6.60	3.56	6.59	5.34	5.40	4.10
CPI	13.0	8.4	16.4	14.1	7.3	7.7	8.6	6.8	9.8
Export earnings	30.1	19.4	27.3	4.9	-0.6	3.8	13.6	-1.3	--

Information contact: Ted Wilson (202) 786-1688.

Farm Prices

Table 4.—Indexes of prices received and paid by farmers, U.S. average

	Annual			1985	1986					
	1983	1984	1985	Aug	Mar	Apr	May	June	July r	Aug p
	1977=100									
Prices received	135	142	128	121	122	121	123	121	125	125
All farm products	128	139	121	114	111	114	114	109	105	100
All crops	148	144	133	122	135	135	120	100	91	89
Food grains	143	145	122	118	113	113	118	110	97	86
Feed grains & hay	146	148	122	118	111	112	116	110	96	84
Feed grains	104	108	92	93	91	93	94	93	97	87
Cotton	155	153	154	147	143	142	141	141	141	128
Tobacco	102	109	84	78	78	78	78	78	77	73
Oil-bearing crops	128	202	183	171	150	146	157	177	165	174
Fruit, all	123	220	196	181	156	151	166	189	175	187
Fresh market 1/	130	135	128	123	126	147	144	115	117	118
Commercial vegetables	129	133	122	116	120	147	144	106	108	109
Fresh market	123	157	125	107	94	108	105	123	168	150
Potatoes & dry beans	141	146	136	128	132	127	131	133	143	148
Livestock & products	147	151	142	133	136	132	138	141	152	157
Meat animals	140	139	131	125	126	124	124	123	124	125
Dairy products	118	135	119	118	125	115	117	119	141	151
Poultry & eggs										
Prices paid										
Commodities & services, interest, taxes, & wage rates	161	164	163	162	--	161	--	--	161	--
Production items	153	155	151	149	--	146	--	--	145	--
Feed	134	135	116	112	--	113	--	--	107	--
Feeder livestock	160	154	154	148	--	147	--	--	154	--
Seed	141	151	153	150	--	146	--	--	146	--
Fertilizer	137	143	135	135	--	125	--	--	125	--
Agricultural chemicals	125	128	128	128	--	126	--	--	126	--
Fuels & energy	202	201	201	203	--	160	--	--	155	--
Farm & motor supplies	152	147	146	145	--	144	--	--	144	--
Autos & trucks	170	182	193	193	--	197	--	--	197	--
Tractors & self-propelled machinery	174	181	178	177	--	175	--	--	175	--
Other machinery	171	180	183	184	--	184	--	--	184	--
Building & fencing	138	138	136	136	--	135	--	--	136	--
Farm services & cash rent	146	149	150	152	--	153	--	--	153	--
Interest payable per acre on farm real estate debt	250	255	242	250	--	237	--	--	237	--
Taxes payable per acre on farm real estate	129	132	133	135	--	136	--	--	136	--
Wage rates (seasonally adjusted)	148	151	154	154	--	164	--	--	164	--
Production items, interest, taxes, & wage rates	159	161	157	156	--	153	--	--	153	--
Ratio, prices received to prices paid 2/	84	86	79	75	75	76	77	75	78	78
Prices received (1910-14=100)	615	650	586	554	557	551	560	554	569	569
Prices paid, etc. (Parity index) (1910-14=100)	1,105	1,130	1,121	1,117	--	1,108	--	--	1,108	--
Parity ratio (1910-14=100) 2/	56	58	52	52	--	50	--	--	51	--

1/ Fresh market for noncitrus; fresh market and processing for citrus. 2/ Ratio of index of prices received for all farm products to index of prices paid for commodities and services, interest, taxes, and wage rates. Ratio derived using the most recent prices paid index. Prices paid data will be published in January, April, July, and October. p = preliminary. r = revised.

Information contact: National Agricultural Statistics Service (202) 447-5446.

Table 5.—Prices received by farmers, U.S. average

	Annual*			1985	1986					
	1983	1984	1985	Aug	Mar	Apr	May	June	July r	Aug p
Crops										
All wheat ($/bu.)	3.58	3.46	3.20	2.89	3.28	3.36	3.02	2.48	2.25	2.19
Rice, rough ($/cwt.)	8.31	8.32	7.85	7.86	7.60	5.80	5.01	4.83	4.47	4.44
Corn ($/bu.)	2.99	3.05	2.49	2.44	2.29	2.29	2.39	2.32	2.00	1.70
Sorghum ($/cwt.)	4.89	4.60	3.98	3.84	3.67	3.80	3.98	3.39	3.00	2.86
All hay, baled ($/ton)	73.66	75.38	70.05	66.70	68.00	69.20	70.90	62.40	58.70	58.30
Soybeans ($/bu.)	6.73	7.02	5.42	5.10	5.23	5.22	5.25	5.19	5.11	4.88
Cotton, Upland (cts./lb.)	62.9	65.6	55.9	56.0	55.0	56.4	56.9	56.4	58.6	52.3
Potatoes ($/cwt.)	5.82	5.69	3.91	3.97	3.50	4.24	4.09	4.98	7.21	6.33
Lettuce ($/cwt.) 1/	12.43	10.70	12.20	12.90	11.00	15.80	18.10	9.12	8.57	9.77
Tomatoes ($/cwt.)	26.48	27.93	28.63	20.30	25.10	30.10	26.90	19.80	20.20	19.90
Onions ($/cwt.)	9.56	13.56	9.33	11.20	6.83	9.11	9.53	10.90	11.10	9.97
Dry edible beans ($/cwt.)	22.40	18.70	17.80	19.10	16.80	16.90	16.70	17.30	17.30	16.80
Apples for fresh use (cts./lb.)	14.8	15.5	17.1	18.2	18.4	17.3	21.1	24.2	25.4	26.8
Pears for fresh use ($/ton)	216.00	300.00	348.00	278.00	417.00	440.00	604.00	838.00	280.00	341.00
Oranges, all uses ($/box) 2/	4.15	5.95	7.97	5.85	3.69	3.39	3.91	4.44	3.41	3.82
Grapefruit, all uses ($/box) 2/	1.79	2.68	3.77	5.93	3.90	4.58	4.41	5.54	5.94	6.17
Livestock										
Beef cattle ($/cwt.)	55.83	57.56	53.96	49.40	52.40	50.30	51.00	50.10	52.90	54.50
Calves ($/cwt.)	62.12	60.23	62.42	61.40	61.90	58.90	58.00	58.10	59.40	60.70
Hogs ($/cwt.)	46.23	47.61	43.88	42.50	40.40	39.70	45.80	52.60	59.00	61.80
Lambs ($/cwt.)	55.48	60.33	68.08	70.80	64.90	69.10	76.30	74.00	71.90	68.60
All milk, sold to plants ($/cwt.)	13.57	13.45	12.73	12.10	12.20	12.00	12.00	11.90	12.00	12.10
Milk, manuf. grade ($/cwt.)	12.63	12.54	11.78	11.10	11.30	11.20	11.10	10.90	10.90	11.10
Broilers (cts./lb.)	29.3	33.2	30.2	29.5	30.2	29.9	30.9	34.0	42.4	45.9
Eggs (cts./doz.) 3/	63.1	70.3	57.4	58.1	68.3	57.8	56.2	50.5	58.6	62.6
Turkeys (cts./lb.)	36.5	46.6	47.2	47.5	36.9	38.0	40.7	46.1	49.3	50.8
Wool (cts./lb.) 4/	61.5	76.5	62.6	60.2	61.7	67.8	75.2	73.5	70.7	68.8

1/ Due to program modifications, 1983 data not comparable with 1984 and 1985. 2/ Equivalent on-tree returns. 3/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail. 4/ Average local market price, excluding incentive payments. *Calendar year averages, except for potatoes, dry edible beans, apples, oranges, and grapefruit, which are crop years. p = preliminary. r = revised.

Information contact: National Agricultural Statistics Service (202) 447-5446.

Producer and Consumer Prices

Table 6.—Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)

	Annual	1985		1986						
	1985	July	Dec	Jan	Feb	Mar	Apr	May	June	July
						1967=100				
Consumer price index, all items	322.2	322.8	327.4	328.4	327.5	326.0	325.3	326.3	327.9	328.0
Consumer price index, less food	323.3	324.2	328.9	329.5	328.5	326.6	325.7	326.7	328.6	328.0
All food	309.8	309.5	313.2	315.6	315.3	315.4	316.1	317.0	317.1	320.1
Food away from home	346.6	347.3	352.1	353.1	354.2	355.5	357.0	358.8	360.2	360.8
Food at home	296.8	296.2	299.3	302.5	301.5	301.2	301.5	302.1	301.6	305.5
Meats 1/	265.5	262.7	270.1	270.6	268.4	266.6	262.3	262.1	264.4	272.9
Beef & veal	269.7	264.7	277.8	275.7	272.3	271.3	266.0	264.9	264.9	267.6
Pork	253.1	253.1	254.7	259.3	257.0	253.4	249.9	250.0	257.0	278.0
Poultry	216.4	214.7	220.3	218.2	218.5	218.2	215.7	218.7	223.7	240.3
Fish	405.9	402.7	420.3	443.9	430.6	435.6	437.0	437.1	434.5	447.3
Eggs	174.3	168.4	196.7	194.4	186.7	190.8	188.8	173.7	166.9	175.2
Dairy products 2/	258.0	257.8	256.9	257.2	257.3	256.8	256.8	257.1	257.2	258.4
Fats & oils 3/	294.4	297.8	290.3	292.1	291.4	290.2	288.5	287.2	287.0	287.3
Fresh fruit	361.8	370.0	335.8	350.8	353.3	352.0	367.9	385.5	372.4	382.2
Processed fruit 4/	168.2	169.3	167.0	166.8	165.7	164.9	163.8	163.5	161.4	161.8
Fresh vegetables	317.5	317.9	338.3	362.3	311.1	309.0	333.7	343.7	326.2	325.0
Potatoes	324.6	384.9	260.1	267.9	262.8	261.9	267.4	279.6	317.3	356.0
Processed vegetables 4/	147.7	148.6	147.1	147.5	147.6	147.2	147.5	147.4	148.0	148.4
Cereals & bakery products 4/	317.0	317.3	321.9	322.0	322.5	322.7	322.5	323.8	326.1	326.3
Sugar & sweets	398.8	400.2	402.2	405.1	408.6	408.4	411.4	411.2	411.5	412.4
Beverages, nonalcoholic	451.7	448.2	448.8	459.7	485.3	488.0	487.4	481.9	480.0	478.3
Apparel commodities less footwear	188.1	184.1	191.1	186.3	185.2	187.5	188.4	187.2	184.8	183.3
Footwear	212.1	211.4	213.1	209.1	207.9	210.1	211.4	211.5	210.0	209.1
Tobacco products	328.5	330.0	337.4	342.7	344.7	345.6	346.5	346.5	347.1	354.3
Beverages, alcoholic	229.5	227.8	236.2	237.5	238.3	238.8	239.5	239.4	240.1	240.4

1/ Beef, veal, lamb, pork, and processed meat. 2/ Includes butter. 3/ Excludes butter. 4/ December 1977 = 100.

Information contact: Ralph Parlett (202) 786-1870.

Table 7.—Producer price indexes, U.S. average (not seasonally adjusted)

	Annual			1985	1986					
	1983	1984	1985 p	July	Feb	Mar r	Apr	May	June	July
	1967=100									
Finished goods 1/	285.2	291.1	293.8	294.8	291.9	288.0	286.9	289.0	288.9	288.0
Consumer foods	261.8	273.3	271.2	271.2	272.0	271.6	272.4	274.9	275.1	280.7
Fresh fruit	252.0	253.0	256.0	239.7	251.9	242.5	245.2	264.6	265.3	284.6
Fresh & dried vegetables	248.9	278.3	245.3	286.6	203.7	215.2	254.1	256.6	232.7	238.7
Dried fruit	409.9	386.6	362.7	362.2	369.2	372.9	373.7	373.6	373.6	371.3
Canned fruit & juice	286.8	312.4	323.1	327.3	313.4	315.5	313.4	314.0	315.9	316.0
Frozen fruit & juice	301.8	351.0	363.4	370.1	319.7	312.2	310.4	310.5	311.2	312.1
Fresh veg. excl. potatoes	210.0	219.1	205.9	256.1	169.6	190.0	237.0	238.7	186.8	191.7
Canned veg. and juices	247.1	252.6	246.9	249.6	243.6	245.0	245.0	246.0	252.5	246.4
Frozen vegetables	283.6	291.0	298.4	299.4	299.0	299.2	297.9	298.5	299.1	298.7
Potatoes	319.8	397.7	304.3	304.1	267.5	244.0	253.4	259.6	335.4	352.6
Eggs	n.a.	210.8	171.0	164.0	176.0	182.1	169.5	162.1	149.0	167.3
Bakery products	285.9	299.1	313.5	314.0	319.5	319.5	321.6	320.1	321.7	322.0
Meats	236.4	236.8	227.5	227.3	223.1	219.2	215.1	225.5	227.1	242.3
Beef & veal	236.3	237.1	220.1	211.3	212.6	210.6	202.7	214.3	208.0	216.0
Pork	227.5	226.5	224.0	238.8	221.3	213.3	213.3	228.0	243.3	272.2
Processed poultry	185.3	206.0	197.5	197.2	188.5	188.2	189.7	192.1	202.3	226.8
Fish	445.2	476.0	492.1	446.5	527.9	530.5	553.6	523.7	536.2	516.6
Dairy products	250.6	251.7	249.4	248.0	246.2	246.0	246.2	246.8	247.2	247.8
Processed fruits & vegetables	277.4	294.3	296.7	299.8	287.0	287.3	286.3	287.0	289.9	287.6
Shortening & cooking oils	254.7	311.6	290.5	301.4	254.0	250.0	244.2	243.1	242.4	238.8
Consumer finished goods less foods	291.4	294.1	297.4	299.2	291.8	284.6	281.4	284.1	283.8	278.8
Beverages, alcoholic	205.0	209.8	213.0	214.0	216.7	217.5	217.8	218.4	217.7	217.8
Soft drinks	327.4	340.2	344.2	343.5	348.9	349.2	351.1	352.2	348.7	349.6
Apparel	197.4	201.3	204.2	204.3	205.6	206.4	206.0	207.0	206.4	206.9
Footwear	250.1	251.7	256.8	257.0	260.4	261.6	262.7	261.8	260.7	261.4
Tobacco products	365.4	398.4	428.2	435.9	451.5	451.6	451.5	452.0	451.7	467.1
Intermediate materials 2/	312.3	320.0	318.7	318.6	315.5	309.5	307.0	306.8	307.1	305.0
Materials for food manufacturing	258.4	271.1	258.7	260.3	249.2	246.7	244.6	248.6	247.8	251.6
Flour	186.2	185.2	183.1	179.9	182.9	182.5	178.9	186.8	175.2	166.3
Refined sugar 3/	172.1	173.5	169.6	166.1	165.1	165.7	165.6	165.5	165.2	165.0
Crude vegetable oils	194.2	262.2	219.4	239.0	153.8	138.7	141.1	143.0	138.5	132.8
Crude materials 4/	323.6	330.8	306.2	303.9	289.0	281.1	272.8	278.9	274.9	278.0
Foodstuffs & feedstuffs	252.2	259.5	239.0	231.6	227.2	224.4	220.1	228.9	226.1	233.6
Fruits & vegetables 5/	262.1	278.1	260.5	275.7	234.6	237.1	260.8	271.4	257.8	270.2
Grains	240.4	239.7	202.7	204.9	193.6	191.5	191.7	199.6	182.2	152.3
Livestock	243.1	251.8	229.7	224.0	226.1	220.3	212.4	227.3	225.2	243.0
Poultry, live	206.5	240.6	226.2	227.6	197.4	209.0	211.2	218.3	236.6	296.7
Fibers, plant & animal	227.0	228.4	197.8	201.7	198.4	206.8	210.6	215.5	219.5	220.6
Fluid milk	282.0	278.3	264.6	256.1	254.7	251.1	248.4	249.2	249.2	251.3
Oilseeds	245.3	253.3	202.7	206.7	197.1	199.4	197.5	200.3	201.4	198.0
Tobacco, leaf	274.2	274.6	274.1	276.4	255.5	252.0	250.2	248.4	248.4	248.4
Sugar, raw cane	315.9	312.0	291.2	302.5	288.0	291.6	289.6	288.9	293.8	293.7
All commodities	303.1	310.3	308.8	309.0	304.4	300.3	297.9	299.2	298.9	297.7
Industrial commodities	315.7	322.6	323.9	324.4	318.9	314.0	311.3	311.7	311.6	308.5
All foods 6/	257.5	269.2	264.6	264.8	262.8	262.1	262.8	265.4	265.5	270.9
Farm products & processed foods & feeds	253.9	262.4	250.5	249.6	248.3	247.3	246.1	250.6	249.5	255.6
Farm products	248.2	255.8	230.4	229.3	221.8	220.2	217.9	226.0	221.4	228.1
Processed foods & feeds 6/	255.9	265.0	260.5	259.7	261.4	260.7	260.6	262.5	263.4	267.0
Cereal & bakery products	261.0	270.5	279.7	279.8	283.3	283.2	283.7	282.9	282.2	281.6
Sugar & confectionery	292.8	30 .2	291.1	293.8	292.4	294.5	291.7	294.7	295.1	296.4
Beverages	263.6	273.1	276.7	276.2	294.1	295.5	296.8	298.0	296.4	296.2

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. (Dec. 1977 = 100). 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). (1977 = 100). r = revised. n.a. = not available.

Information contact: Bureau of Labor Statistics (202) 523-1913.

Table 8.—Farm-retail price spreads

	Annual				1985	1986					
	1982	1983	1984	1985	July	Feb	Mar	Apr	May	June	July
Market basket 1/											
Retail cost (1967=100)	266.4	268.7	279.3	282.6	282.3	284.2	283.3	283.4	284.5	284.6	286.9
Farm value (1967=100)	247.8	242.3	255.4	237.1	236.2	223.6	222.0	218.1	223.9	224.0	237.0
Farm-retail spread (1967=100)	277.4	284.3	293.3	309.3	309.4	319.9	319.3	321.7	320.2	320.2	319.3
Farm value/retail cost (%)	34.4	33.4	33.9	31.1	31.0	29.1	29.0	28.5	29.1	29.2	30.4
Meat products											
Retail cost (1967=100)	270.3	267.2	268.1	265.5	262.7	268.4	266.6	262.3	262.1	264.4	272.9
Farm value (1967=100)	251.3	235.8	241.5	221.8	217.4	218.0	210.1	203.8	210.0	219.3	237.4
Farm-retail spread (1967=100)	292.4	304.0	299.1	316.6	315.7	327.5	332.7	330.8	323.2	317.2	314.5
Farm value/retail cost (%)	50.2	47.6	48.6	45.1	44.6	43.8	42.5	41.9	43.2	44.7	46.9
Dairy products											
Retail cost (1967=100)	247.0	250.0	253.2	258.0	257.8	257.3	256.8	256.8	257.1	257.2	258.4
Farm value (1967=100)	261.9	262.1	258.8	248.3	244.0	237.8	236.1	234.8	237.2	237.2	236.9
Farm-retail spread (1967=100)	233.9	239.3	248.3	266.5	269.9	274.4	274.9	276.1	274.6	274.8	277.3
Farm value/retail cost (%)	49.6	49.0	47.8	45.0	44.2	43.2	43.0	42.8	43.1	43.1	42.9
Poultry											
Retail cost (1967=100)	194.9	197.5	218.5	216.4	214.7	218.5	218.2	215.7	218.7	223.7	240.3
Farm value (1967=100)	201.9	213.0	249.9	234.9	232.8	212.5	219.8	219.8	229.2	255.8	305.1
Farm-retail spread (1967=100)	188.1	182.4	188.1	198.4	197.2	224.3	216.6	211.7	208.6	196.5	177.6
Farm value/retail cost (%)	50.7	53.1	56.3	53.4	53.3	47.8	49.6	50.1	51.5	55.8	62.4
Eggs											
Retail cost (1967=100)	178.7	187.1	209.0	174.3	168.4	186.7	190.8	188.8	173.7	166.9	175.2
Farm value (1967=100)	189.8	206.1	230.3	178.9	162.1	192.1	221.3	181.0	175.0	150.3	184.4
Farm-retail spread (1967=100)	162.7	159.5	178.2	167.6	177.5	178.9	146.7	200.1	171.8	190.9	161.9
Farm value/retail cost (%)	62.8	65.1	65.1	60.7	56.9	60.8	68.6	56.6	59.6	53.2	62.2
Cereal & bakery products											
Retail cost (1967=100)	283.4	292.5	305.3	317.0	317.3	322.5	322.7	322.5	323.8	326.1	326.3
Farm value (1967=100)	178.8	186.6	192.0	175.6	177.4	165.6	165.6	164.9	156.0	138.9	133.3
Farm-retail spread (1967=100)	305.1	314.0	328.7	346.3	346.2	355.0	355.0	355.1	358.5	364.9	366.2
Farm value/retail cost (%)	10.8	11.1	10.8	9.5	9.6	8.8	8.9	8.7	8.3	7.3	7.0
Fresh fruits											
Retail cost (1967=100)	323.2	303.6	345.3	383.5	394.9	372.1	367.1	379.8	400.5	395.3	406.9
Farm value (1967=100)	288.8	220.6	315.1	299.1	285.4	269.8	260.2	244.2	268.4	281.8	289.9
Farm-retail spread (1967=100)	338.7	340.8	358.9	421.4	444.3	418.0	415.1	440.7	459.8	446.3	459.4
Farm value/retail cost (%)	27.7	22.5	28.3	24.2	22.4	22.5	22.0	19.9	20.8	22.1	22.1
Fresh vegetables											
Retail costs (1967=100)	288.9	299.3	331.8	317.5	317.9	311.1	309.0	333.7	343.7	326.2	325.0
Farm value (1967=100)	261.3	267.4	298.7	256.7	309.5	179.0	206.9	241.7	299.3	209.8	228.7
Farm-retail spread (1967=100)	301.8	314.3	347.4	346.1	321.8	373.2	357.0	376.9	364.6	380.9	370.3
Farm value/retail cost (%)	28.9	28.6	28.8	25.9	31.1	18.4	21.4	23.2	27.8	20.6	22.5
Processed fruits & vegetables											
Retail cost (1967=100)	286.0	288.8	306.1	314.1	316.1	311.6	310.5	309.7	309.2	307.9	308.6
Farm value (1967=100)	321.1	300.5	343.5	378.5	384.2	333.4	324.7	324.0	322.8	324.2	323.6
Farm-retail spread (1967=100)	278.2	286.2	297.8	299.9	300.4	306.8	307.4	306.5	306.2	304.3	305.3
Farm value/retail costs (%)	20.4	18.9	20.3	21.8	22.0	19.4	19.0	19.0	18.9	19.1	19.0
Fats & oils											
Retail cost (1967=100)	259.9	263.1	288.0	294.4	297.8	291.4	290.2	288.5	287.2	287.0	287.3
Farm value (1967=100)	207.8	251.0	324.8	271.3	290.0	191.8	179.8	185.4	182.9	181.1	168.7
Farm-retail spread (1967=100)	279.9	267.8	273.8	303.3	300.8	329.7	332.6	328.2	327.3	327.7	332.9
Farm value/retail cost (%)	22.2	26.5	31.3	25.6	27.1	18.3	17.2	17.8	17.7	17.5	16.1

	Annual				1985	1986					
	1982	1983	1984	1985	July	Feb	Mar	Apr	May	June	July
Beef, Choice											
Retail price 2/ (cts./lb.)	242.5	238.1	239.6	232.6	230.6	232.5	230.3	227.0	226.8	226.6	227.4
Net carcass value 3/ (cts.)	150.7	145.4	147.6	135.2	122.6	130.0	128.1	125.2	129.7	125.7	133.4
Net farm value 4/ (cts.)	140.5	136.2	140.0	126.8	114.0	121.0	119.8	116.2	120.4	113.3	124.9
Farm-retail spread (cts.)	102.0	101.9	99.6	105.8	116.6	111.5	110.5	110.8	106.4	113.3	102.5
Carcass-retail spread 5/ (cts.)	91.8	92.7	92.0	97.4	108.0	102.5	102.2	101.8	97.1	100.9	94.0
Farm-carcass spread 6/ (cts.)	10.2	9.2	7.6	8.4	8.6	9.0	8.3	9.0	9.3	12.4	8.5
Farm value/retail price (%)	58	57	58	55	49	52	52	51	53	50	55
Pork											
Retail price 2/ (cts./lb.)	175.4	169.8	162.0	162.0	161.7	168.3	165.8	162.2	162.3	166.5	183.4
Wholesale value 3/ (cts.)	121.8	108.9	110.1	101.1	99.9	95.7	92.4	91.7	102.8	112.2	127.4
Net farm value 4/ (cts.)	88.0	76.5	77.4	71.4	74.6	69.5	65.5	64.8	76.6	89.8	97.9
Farm-retail spread (cts.)	87.4	93.3	84.6	90.6	87.1	98.8	100.3	97.4	85.7	76.7	85.5
Wholesale-retail spread 5/ (cts.)	53.6	60.9	51.9	60.9	61.8	72.6	73.4	70.5	59.5	54.3	56.0
Farm-wholesale spread 6/ (cts.)	33.8	32.4	32.7	29.7	25.3	26.2	26.9	26.9	26.2	22.4	29.5
Farm value/retail price (%)	50	45	48	44	46	41	40	40	47	54	53

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. 2/ Estimated weighted average price of retail cuts from pork and yield grade 3 beef carcasses. Retail cut prices from BLS. 3/ Value of carcass quantity equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts. 4/ Market value to producer for quantity of live animal equivalent to 1 lb. of retail cuts minus value of byproducts. 5/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. 6/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditures, Statistical Bulletin 736, ERS, USDA.

Information contacts: Denis Dunham (202) 786-1870; Ron Gustafson (202) 786-1830.

Table 9. Price Indexes of food marketing costs

(See the Sept. 1986 issue.) Information contact: Denis Dunham (202) 786-1870.

Table 10.—U.S. meats supply and use

Item	Beg. stks	Production 1/	Imports	Total supply	Exports	Shipments	Military consumption	Ending stocks	Civilian consumption: Total	Civilian consumption: Per capita 2/	Primary market price 3/
	Million pounds 4/								Pounds		
Beef:											
1983	294	23,243	1,931	25,468	272	40	121	325	24,710	78.6	62.37
1984	325	23,598	1,823	25,746	329	47	112	358	24,900	78.5	65.34
1985	358	23,728	2,068	26,154	328	51	115	317	25,344	79.1	58.37
1986 f	317	23,912	2,125	26,354	500	53	118	350	25,333	78.3	57-59
Pork:											
1983	219	15,199	702	16,120	219	142	89	301	15,369	62.1	47.70
1984	301	14,812	954	16,067	164	147	86	274	15,396	61.8	48.86
1985	274	14,807	1,128	16,209	128	131	78	229	15,643	62.1	44.77
1986 f	229	14,086	1,080	15,395	120	140	76	225	14,834	58.3	51-53
Veal:											
1983	7	453	19	479	4	1	7	9	457	1.6	62.12
1984	9	495	24	528	6	1	4	14	503	1.8	60.23
1985	14	515	20	549	4	1	7	11	526	1.8	62.42
1986 f	11	519	22	552	4	0	7	7	534	1.9	60-62
Lamb and mutton:											
1983	9	375	19	403	1	2	0	11	388	1.5	57.40
1984	11	379	20	410	2	3	0	7	398	1.5	62.17
1985	7	358	36	401	1	2	0	13	385	1.4	68.61
1986 f	13	332	40	385	2	1	0	11	371	1.4	70-72
Total red meat:											
1983	529	32,970	2,670	42,469	497	185	217	646	40,924	143.8	n.a.
1984	646	39,284	2,821	42,751	501	198	202	653	41,197	143.6	n.a.
1985	653	39,408	3,252	43,313	461	185	200	570	41,897	144.5	n.a.
1986 f	570	38,849	3,267	42,686	626	194	201	593	41,072	139.8	n.a.
Broilers:											
1983	22	12,400	0	12,433	432	132	33	21	11,805	50.7	49.8
1984	21	13,016	0	13,038	407	145	34	20	12,432	52.9	55.6
1985	20	13,762	0	13,781	417	143	34	27	13,161	55.5	50.8
1986 f	27	14,392	0	14,419	520	135	35	25	13,703	57.3	56-58
Mature chicken:											
1983	113	717	0	830	18	10	3	92	707	3.0	n.a.
1984	92	672	0	764	26	2	2	119	615	2.6	n.a.
1985	119	636	0	755	21	1	2	144	587	2.5	n.a.
1986 f	144	654	0	798	19	3	2	110	664	2.8	n.a.
Turkeys:											
1983	204	2,649	0	2,853	47	7	13	162	2,624	11.3	60.5
1984	162	2,685	0	2,847	27	7	13	125	2,676	11.4	74.4
1985	125	2,942	0	3,067	27	7	13	150	2,870	12.1	75.5
1986 f	150	3,352	0	3,502	28	5	14	220	3,235	13.5	74-76
Total poultry:											
1983	339	15,766	0	16,105	497	148	50	275	15,136	65.1	n.a.
1984	275	16,373	0	16,648	460	153	49	264	15,722	66.9	n.a.
1985	264	17,340	0	17,604	465	151	49	321	16,618	70.1	n.a.
1986 f	321	18,399	0	18,720	567	144	52	355	17,602	73.5	n.a.
Red meat & poultry:											
1983	868	55,036	2,670	58,574	994	334	267	921	56,060	208.9	n.a.
1984	921	55,657	2,821	59,399	961	351	251	917	56,919	210.5	n.a.
1985	917	56,747	3,252	60,917	926	336	249	891	58,515	214.6	n.a.
1986 f	891	57,248	3,267	61,406	1,193	338	253	948	58,674	213.4	n.a.

1/ Total including farm production for red meats and federally inspected plus non-federally inspected for poultry. 2/ Retail weight basis. 3/ Dollars per cwt for red meat; cents per pound for poultry. Beef: choice steers, Omaha 900-1,100 lbs.; pork: barrows and gilts, 7 markets; veal: farm price of calves; lamb and mutton: choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats and certified ready-to-cook for poultry. n.a. = not available. f = forecast.

Information contact: Ron Gustafson (202) 786-1830.

Table 11.—U.S. egg supply and use

	Beg. stocks	Production	Imports	Total supply	Exports	Shipments	Military use	Hatching use	Ending stocks	Civilian consumption: Total	Civilian consumption: Per capita	Wholesale price*
	Million dozen										No.	Cts./doz.
1981	19.4	5,824.7	4.7	5,848.7	234.2	22.5	25.1	506.7	17.5	5,042.7	265.4	73.2
1982	17.5	5,801.9	2.5	5,821.8	158.2	26.7	22.4	505.6	20.3	5,088.6	265.1	70.1
1983	20.3	5,659.2	23.4	5,703.0	85.8	26.6	25.1	500.0	9.3	5,056.2	260.8	75.2
1984	9.3	5,708.2	32.0	5,749.5	58.2	27.8	17.6	529.7	11.1	5,105.1	260.9	80.9
1985 e	11.1	5,687.5	12.7	5,711.3	70.6	30.3	20.2	548.1	10.7	5,031.3	254.6	66.4
1986 f	10.7	5,738.9	15.6	5,765.2	94.4	24.2	18.8	563.1	10.0	5,054.8	253.5	69-71

* Cartoned Grade A large eggs in New York. e = estimated. f = forecast.

Information contact: Allan Baker (202) 786-1830.

Table 12.—U.S. milk supply and use[1]

Calendar year	Production	Farm use	Commercial: Farm marketings	Commercial: Beg. stocks	Imports	Total commercial supply	CCC net removals	Commercial: Ending stocks	Commercial: Disappearance	All milk price 2/
	Billion pounds									$/cwt
1980	128.4	2.4	126.1	5.4	2.1	133.6	8.8	5.8	119.0	13.05
1981	132.8	2.3	130.5	5.8	2.3	138.5	12.9	5.4	120.3	13.77
1982	135.5	2.4	133.1	5.4	2.5	141.0	14.3	4.6	122.1	13.61
1983	139.7	2.4	137.3	4.6	2.6	144.5	16.8	5.2	122.5	13.58
1984	135.4	2.9	132.5	5.2	2.7	140.5	8.6	4.9	126.9	13.46
1985 p	143.7	2.5	141.2	4.9	2.8	148.9	13.2	4.6	131.1	12.75
1986 f	145.1	2.3	142.7	4.6	2.9	150.2	10.6	4.8	134.8	12.50

1/ Milkfat basis. Totals may not add because of rounding. 2/ Delivered to plants and dealers; does not reflect deductions. p = preliminary. f = forecast.

Information contact: Jim Miller (202) 786-1830.

Table 13.—Poultry and eggs

	Annual			1985	1986					
	1983	1984	1985	July	Feb	Mar	Apr	May	June	July
Broilers										
Federally inspected slaughter, certified (mil. lb.)	12,389.0	12,998.6	13,569.2	1,203.3	1,087.0	1,115.8	1,249.6	1,229.1	1,191.8	1,147.1
Wholesale price, 12-city, (cts./lb.)	50.4	55.6	50.8	50.2	49.0	50.3	50.0	54.6	58.3	69.1
Price of grower feed ($/ton)	223	233	197	196	189	—	189	n.a.	n.a.	190
Broiler-feed price ratio 1/	2.6	2.8	3.1	3.1	3.1	—	3.2	n.a.	n.a.	4.5
Stocks beginning of period (mil. lb.)	22.3	21.2	19.7	28.5	26.6	25.2	23.8	22.3	23.7	23.2
Broiler-type chicks hatched (mil) 2/	4,447.0	4,593.9	4,803.8	407.5	376.0	429.6	423.9	438.5	428.3	429.8
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	2,563	2,574	2,800	271.1	174.6	193.6	205.2	236.4	273.5	288.3
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	60.5	74.4	75.5	72.8	61.7	66.0	64.6	67.1	73.8	77.8
Price of turkey grower feed ($/ton)	247	245	212	210	211	—	215	n.a.	n.a.	4.5
Turkey-feed price ratio 1/	3.0	3.8	4.4	4.2	3.5	—	3.5	n.a.	n.a.	221
Stocks beginning of period (mil.lb.)	203.9	161.8	125.3	243.3	156.8	161.3	150.0	186.3	226.8	285.7
Poults placed in U.S. (mil.)	181.8	190.0	197.8	19.7	18.6	20.7	23.0	24.2	23.6	22.3
Eggs										
Farm production (mil.)	67,911	68,498	68,250	5,661	5,295	5,900	5,650	5,780	5,580	5,680
Average number of layers (mil.)	276	278	277	271	280	—	—	n.a.	n.a.	n.a.
Rate of lay (eggs per layer on farms)	247	245	247	20.9	18.9	—	—	n.a.	n.a.	n.a.
Cartoned price, New York, grade A large (cts./doz.) 3/	75.2	80.9	66.4	60.2	68.3	80.8	65.7	65.2	59.2	76.4
Price of laying feed ($/ton)	204	206	182	181	179	—	177	n.a.	n.a.	172
Egg-feed price ratio 1/	6.2	6.8	6.3	5.8	6.9	—	6.5	n.a.	n.a.	6.8
Stocks, first of month										
Shell (thou. doz.)	1,020	390	930	630	840	630	600	960	1,320	1,140
Frozen (mil. doz.)	19.3	8.9	10.2	11.6	9.6	9.7	8.1	9.5	8.6	10.7
Replacement chicks hatched (mil.)	407	459	407	32.1	34.7	39.7	42.7	42.7	37.4	33.5

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks are currently reported for 12 states only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Price of cartoned eggs to volume buyers for delivery to retailers. n.a. = not available.

Information contact: Allen Baker (202) 786-1830.

Table 14.—Dairy

	Annual			1985	1986					
	1983	1984	1985	July	Feb	Mar	Apr	May	June	July
Milk prices, Minnesota-Wisconsin, 3.5% fat ($/cwt.) 1/	12.49	12.29	11.48	11.10	11.04	11.02	10.98	10.98	11.00	11.06
Price of 16% dairy ration ($/ton)	188	191	168	168	165	n.a.	164	n.a.	n.a.	1.59
Milk-feed price ratio 2/	1.45	1.42	1.51	1.44	1.50	n.a.	1.46	n.a.	n.a.	1.50
Wholesale prices										
Butter, Grade A Chi. (cts./lb.)	147.3	148.8	141.1	141.5	138.7	137.5	138.7	138.7	139.1	143.7
Am. cheese, Wis. assembly pt. (cts./lb.)	138.3	138.0	127.7	124.7	124.5	123.2	125.0	126.0	125.4	126.7
Nonfat dry milk, (cts./lb.) 3/	93.2	90.9	84.0	81.4	80.1	79.9	80.4	80.4	80.4	80.4
USDA net removals										
Total milk equiv. (mil. lb.) 4/	16,813.7	8,637.0	13,174.1	1,143.4	2,251.0	821.0	1,701.2	1,425.8	1,105.6	639.3
Butter (mil. lb.)	413.2	202.3	334.2	20.2	79.8	20.8	50.8	39.0	20.5	5.8
Am. cheese (mil. lb.)	832.8	447.3	629.0	72.7	60.5	39.3	65.6	62.4	68.6	51.8
Nonfat dry milk (mil. lb.)	1,061.0	678.4	940.6	104.7	100.0	65.6	105.5	99.9	108.6	80.5
Milk										
Total milk production (mil. lb.)	139,672	135,450	143,667	12,588	11,314	12,726	12,613 6/	13,198 6/	12,706 6/	12,419
Milk per cow (lb.)	12,585	12,506	13,031	1,135	1,015	1,143	n.a.	n.a.	n.a.	n.a.
Number of milk cows (thou.)	11,098	10,833	11,025	11,086	11,140	11,130	n.a.	n.a.	n.a.	n.a.
Stocks, beginning 4/										
Total (mil. lb.)	20,054	22,646	16,704	16,069	13,646	14,192	15,401	16,233	17,481	17,811
Commercial (mil. lb.)	4,603	5,234	4,937	5,525	4,760	4,963	4,991	5,057	5,244	5,278
Government (mil. lb.)	15,451	17,412	11,492	10,544	8,886	9,230	10,219	11,176	12,236	12,533
Imports, total (mil. lb.) 4/	2,616	2,741	2,777	196	179	203	162	175	207	207
Commercial disappearance milk equiv. (mil. lb.)	122,474	126,912	131,150	11,442	8,861	11,883	10,818	11,563	11,583	11,790
Butter										
Production (mil. lb.)	1,299.2	1,103.3	1,247.8	92.4	119.4	120.2	121.7	116.0	92.0	81.5
Stocks, beginning (mil. lb.)	466.8	499.4	296.5	286.8	206.3	245.5	283.3	304.7	333.8	342.8
Commercial disappearance (mil. lb.)	881.7	902.7	918.2	71.1	31.8	101.2	74.3	73.8	76.3	78.6
American cheese										
Production (mil. lb.)	2,927.7	2,648.5	2,854.4	259.0	227.2	263.6	266.1	280.8	262.1	244.1
Stocks, beginning (mil. lb.)	981.4	1,161.5	960.5	925.0	838.8	810.8	822.3	858.0	902.6	921.0
Commercial disappearance (mil. lb.)	2,083.3	2,253.6	2,278.3	195.8	164.4	216.2	199.0	206.6	187.3	191.2
Other cheese										
Production (mil. lb.)	1,891.8	2,025.5	2,170.5	179.6	171.6	199.0	194.9	199.7	197.0	195.2
Stocks, beginning (mil. lb.)	82.8	104.9	101.4	107.3	93.8	89.3	112.1	95.6	94.8	98.0
Commercial disappearance (mil. lb.)	2,134.3	2,310.9	2,460.5	197.3	191.5	224.4	199.4	219.4	215.9	217.8
Nonfat dry milk										
Production (mil. lb.)	1,499.9	1,160.7	1,390.0	139.7	114.7	128.1	137.2	144.0	136.7	115.1
Stocks, beginning (mil. lb.)	1,282.0	1,405.2	1,247.6	1,086.0	981.4	947.0	988.0	965.7	1,024.4	1,011.8
Commercial disappearance (mil. lb.)	459.9	497.8	435.0	42.0	20.0	51.6	26.9	38.2	28.3	52.8
Frozen dessert production (mil. gal.) 5/	1,224.2	1,241.8	1,249.8	136.1	37.2	104.7	111.4	125.3	130.8	135.5

1/ Manufacturing grade milk. 2/ Pounds of 16% protein ration equal in value to 1 pound of milk. 3/ Prices paid f.o.b. Central States production area, high heat spray process. 4/ Milk-equivalent, fat-basis. 5/ Ice cream, ice milk, and hard sherbet. 6/ Estimated. n.a. = not available.

Information contact: Jim Miller (202) 786-1830.

Table 15.—Wool

	Annual			1985	1986					
	1983	1984	1985	July	Feb	Mar	Apr	May	June	July
U.S. wool price, Boston 1/ (cts./lb.)	212	229	192	193	189	180	188	198	198	193
Imported wool price, Boston 2/ (cts./lb.)	248	241	197	245	202	205	210	216	203	n.a.
U.S. mill consumption, scoured										
Apparel wool (thou. lb.)	126,729	128,982	106,051	6,472	11,126	10,770	13,491	10,803	11,454	11,771
Carpet wool (thou. lb.)	13,851	13,088	10,562	691	798	785	930	924	629	877

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4'' and up. 2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents. n.a. = not available.

Information contact: John Lawler (202) 786-1840.

Table 16.—Meat animals

	Annual			1985	1986					
	1983	1984	1985	July	Feb	Mar	Apr	May	June	July
Cattle on feed (7-States)										
Number on feed (thou. head) 1/	8,316	8,006	8,635	7,057	7,624	7,262	7,263	7,077	7,076	6,523
Placed on feed (thou. head)	19,744	20,772	19,346	1,078	1,210	1,650	1,555	1,746	1,142	1,544
Marketings (thou. head)	18,701	18,785	18,989	1,670	1,470	1,563	1,621	1,615	1,128	1,682
Other disappearance (thou. head)	1,354	1,376	1,132	61	102	86	120	132	67	64
Beef steer-corn price ratio, Omaha 2/	20.6	21.6	23.3	20.6	24.4	24.0	22.9	22.8	22.3	29.0
Hog-corn price ratio, Omaha 2/	15.9	16.1	17.8	18.0	19.0	17.6	17.2	19.5	22.4	30.3
Market prices ($ per cwt.)										
Slaughter cattle:										
Choice steers, Omaha	62.37	65.34	58.37	53.26	56.42	55.55	53.68	55.79	54.08	58.27
Utility cows, Omaha	39.35	39.81	38.32	36.10	37.62	38.00	35.95	37.91	38.77	38.32
Choice vealers, S. St. Paul	72.97	63.95	58.28	62.25	52.50	55.00	55.00	55.83	61.10	62.13
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	63.70	65.28	64.56	60.76	62.42	63.22	60.32	60.40	58.50	61.00
Slaughter hogs:										
Barrows & gilts, 7-markets	47.71	48.86	44.77	46.99	43.55	40.88	40.27	46.91	54.50	60.99
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	34.03	39.12	37.20	32.74	37.26	41.33	37.98	39.97	41.92	50.76
Slaughter sheep & lambs:										
Lambs, Choice, San Angelo	57.40	62.18	68.61	71.50	67.50	70.96	74.22	81.25	77.36	73.84
Ewes, Good, San Angelo	16.85	20.90	34.02	37.94	31.88	33.12	32.00	33.94	35.88	35.31
Feeder lambs:										
Choice, San Angelo	54.87	61.02	85.91	73.82	75.12	74.19	79.98	84.22	84.69	79.97
Wholesale meat prices, Midwest										
Choice steer beef, 600-700 lb.	97.83	98.01	90.76	82.22	86.82	85.04	83.34	86.42	83.58	89.25
Canner & Cutter cow beef	78.48	74.70	74.13	73.32	72.92	72.12	68.76	71.39	73.41	73.33
Pork loins, 8-14 lb. 3/	--	96.36	91.51	96.85	91.75	88.12	89.31	102.53	111.58	121.77
Pork bellies, 12-14 lb.	60.58	60.08	59.50	62.53	51.50	50.80	49.45	61.82	71.83	90.08
Hams, skinned, 14-17 lb.	75.60	78.22	67.50	65.79	63.00	61.12	58.20	64.89	69.69	85.57
Commercial slaughter (thou. head)*	36,649	37,582	36,293	3,139	2,715	2,839	3,215	3,235	3,123	3,322
Cattle	17,486	17,474	16,912	1,523	1,270	1,339	1,542	1,506	1,519	1,555
Steers	10,758	10,691	11,237	986	851	871	927	971	921	1,004
Heifers	7,597	8,617	7,387	562	546	573	692	693	621	698
Cows	808	789	758	68	48	56	54	65	62	65
Bulls & stags	3,076	3,297	3,385	291	272	294	303	276	257	300
Calves	6,619	6,759	6,165	502	452	540	492	431	419	448
Sheep & lambs	87,584	85,168	84,492	6,600	6,306	6,855	7,354	6,884	6,076	6,098
Hogs										
Commercial production (mil. lb.)	23,060	23,418	23,557	2,059	1,769	1,861	2,111	2,109	2,027	2,148
Beef	428	479	499	43	40	43	45	43	41	45
Veal	367	371	352	28	27	32	29	25	24	25
Lamb & mutton	15,117	14,720	14,728	1,147	1,101	1,198	1,292	1,210	1,065	1,063
Pork										

	Annual			1985				1986		
	1983	1984	1985	I	II	III	IV	I	II	III
Cattle on feed (13-States)										
Number on feed (thou. head) 1/	10,271	9,908	10,653	10,653	9,676	8,670	7,937	9,694	8,915	7,950
Placed on feed (thou. head)	23,776	24,917	23,326	5,315	5,206	5,480	7,325	5,260	5,181	---
Marketings (thou. head)	22,548	22,540	22,887	5,907	5,787	5,969	5,224	5,723	5,771 5/	5,661
Other disappearance (thou. head)	1,591	1,632	1,398	373	437	244	344	316	375	---
Hogs & pigs (10-States) 4/										
Inventory (thou. head) 1/	44,150	42,420	41,100	42,420	39,680	41,650	41,820	41,100	38,600	38,045
Breeding (thou. head) 1/	5,638	5,348	5,258	5,348	5,220	5,397	5,377	5,258	4,988	4,840
Market (thou. head) 1/	38,512	37,072	35,842	37,072	34,460	36,253	36,443	35,842	33,612	33,205
Farrowings (thou. head)	9,735	9,020	9,020	1,935	2,420	2,191	2,265	1,940	2,161 5/	2,021
Pig crop (thou. head)	72,733	67,680	67,648	14,690	18,762	16,941	17,255	14,880	16,878	---

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lbs.; January 1986 prices are for 14-18 lbs. 4/ Quarters are Dec. of preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). 5/ Intentions. *Classes estimated.

Information contact: Ron Gustafson (202) 786-1830.

Table 17.—Supply and utilization[1,2]

	Area												
	Set aside 3/	Planted	Harvested	Yield	Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/
	Mil. acres			Bu/acre	Mil. bu							$/bu
Wheat												
1981/82	--	88.3	80.6	34.5	2,785	3,777	135	712	1,771	2,618	1,159	3.65
1982/83	5.8	86.2	77.9	35.5	2,765	3,932	195	713	1,509	2,417	1,515	3.55
1983/84	30.0	76.4	61.4	39.4	2,420	3,939	369	742	1,429	2,540	1,399	3.53
1984/85*	18.6	79.2	66.9	38.8	2,595	4,003	410	744	1,424	2,578	1,425	3.38
1985/86*	18.8	75.6	64.7	37.5	2,425	3,865	283	767	915	1,965	1,900	3.16
1986/87*	20.9	72.0	60.9	34.8	2,121	4,026	300	775	1,150	2,225	1,801	2.20-2.40
	Mil. acres			lb/acre	Mil. cwt (rough equiv.)							$/cwt
Rice												
1981/82	--	3.83	3.79	4,819	182.7	199.6	--	6/ 78.1	82.0	150.6	49.0	9.05
1982/83	0.42	3.30	3.26	4,710	153.6	203.4	--	6/ 62.9	68.9	131.8	71.5	8.11
1983/84	1.74	2.19	2.17	4,598	99.7	171.9	--	6/ 54.7	70.3	125.0	46.9	8.76
1984/85*	.79	2.83	2.80	4,954	138.8	187.3	--	6/ 60.5	62.1	122.6	64.7	8.06
1985/86*	1.16	2.52	2.50	5,437	136.0	202.9	--	6/ 66.9	58.7	125.6	77.3	6.72
1986/87*	--	2.35	2.33	5,463	127.5	214.9	--	6/ 67.0	80.0	147.0	59.3	3.20-4.00
	Mil. acres			Bu/acre	Mil. bu							$/bu
Corn												
1981/82	--	84.1	74.5	108.9	8,119	9,512	4,169	796	2,010	6,975	2,537	2.50
1982/83	2.1	81.9	72.7	113.2	8,235	10,772	4,521	894	1,834	7,249	3,523	2.68
1983/84	32.2	60.2	51.5	81.1	4,175	7,700	3,818	975	1,901	6,694	1,006	3.25
1984/85*	3.9	80.5	71.9	106.7	7,674	8,684	4,116	1,055	1,865	7,036	1,648	2.62
1985/86*	5.4	83.3	75.1	118.0	8,865	10,523	4,150	1,130	1,225	6,505	4,018	2.35
1986/87*	13.0	76.6	69.1	119.7	8,268	12,289	4,250	1,150	1,550	6,950	5,339	1.60-1.85
	Mil. acres			Bu/acre				Mil. bu				$/bu
Sorghum												
1981/82	--	15.9	13.7	64.0	876	1,006	417	10	260	687	319	2.38
1982/83	0.7	16.0	14.1	59.1	835	1,154	495	10	210	715	439	2.52
1983/84	5.7	11.9	10.0	48.7	488	927	385	10	245	640	287	2.84
1984/85*	.6	17.3	15.4	56.4	866	1,154	539	18	297	854	300	2.39
1985/86*	.9	18.3	16.7	66.7	1,113	1,413	650	30	175	855	558	2.15
1986/87*	2.5	15.0	13.5	64.7	873	1,431	575	30	240	845	586	1.50-1.75
	Mil. acres			Bu/acre				Mil. bu				$/bu
Barley												
1981/82	--	9.6	9.0	52.4	474	621	198	175	100	473	148	2.44
1982/83	0.4	9.5	9.0	57.2	516	675	241	170	47	458	217	2.22
1983/84	1.1	10.4	9.7	52.3	509	733	282	170	92	544	189	2.50
1984/85*	.5	12.0	11.2	53.4	599	799	304	170	77	551	247	2.26
1985/86*	.7	13.1	11.6	51.0	589	846	332	167	22	521	325	2.00
1986/87*	1.8	13.2	12.5	50.3	626	956	300	175	55	530	426	1.35-1.60
	Mil. acres			Bu/acre				Mil. bu				$/bu
Oats												
1981/82	--	13.6	9.4	54.2	510	689	453	77	7	537	152	1.89
1982/83	0.1	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49
1983/84	.3	20.3	9.1	52.6	477	727	466	78	2	546	181	1.67
1984/85*	.1	12.4	8.2	58.0	474	689	433	74	1	509	180	1.69
1985/86*	.1	13.3	8.1	63.6	519	726	458	83	2	543	183	1.25
1986/87*	0.7	14.8	7.5	54.8	413	626	400	85	2	487	139	1.00-1.25
	Mil. acres			Bu/acre				Mil. bu				$/bu
Soybeans												
1981/82	--	67.5	66.2	30.1	1,989	2,302	7/ 89	1,030	929	2,048	254	6.04
1982/83	--	70.9	69.4	31.5	2,190	2,444	7/ 86	1,108	905	2,099	345	5.69
1983/84	--	63.8	62.5	26.2	1,636	1,981	7/ 79	983	743	1,805	176	7.81
1984/85*	--	67.8	66.1	28.1	1,861	2,037	7/ 93	1,030	598	1,721	316	5.78
1985/86*	--	63.1	61.6	34.1	2,099	2,415	7/ 85	1,055	740	1,890	535	5.10
1986/87*	--	61.8	59.8	33.1	1,980	2,515	7/ 90	1,075	760	1,925	590	4.60-5.00
								Mil. lbs				8/ ¢/lb
Soybean oil												
1981/82	--	--	--	--	10,979	12,715	--	9,536	2,077	11,612	1,103	19.0
1982/83	--	--	--	--	12,041	13,144	--	9,858	2,025	11,883	1,261	20.6
1983/84	--	--	--	--	10,872	12,133	--	9,588	1,824	11,412	721	30.6
1984/85*	--	--	--	--	11,468	12,209	--	9,917	1,660	11,577	632	29.5
1985/86*	--	--	--	--	11,663	12,305	--	9,900	1,250	11,150	1,155	18.0
1986/87*	--	--	--	--	11,825	12,980	--	10,150	1,200	11,350	1,630	13.0-18.0
								Thou. tons				9/ $/ton
Soybean meal												
1981/82	--	--	--	--	24,634	24,797	--	17,714	6,908	24,622	175	183
1982/83	--	--	--	--	26,714	26,889	--	19,306	7,109	26,415	474	187
1983/84	--	--	--	--	22,756	23,230	--	17,615	5,360	22,975	255	188
1984/85*	--	--	--	--	24,529	24,784	--	19,480	4,917	24,397	387	125
1985/86*	--	--	--	--	25,013	25,400	--	19,000	6,150	25,150	250	155
1986/87*	--	--	--	--	25,370	25,620	--	19,400	5,900	24,300	320	130-155

See footnotes at end of table.

Table 17.— Supply and utilization, continued

	Area											
	Set aside 3/	Planted	Harvested	Yield	Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/
	Mil. acres			lb/acre	Mil. bales							¢/lb
Cotton 10/												
1981/82	--	14.3	13.8	542	15.6	18.3	--	5.3	6.6	11.8	6.6	54.0
1982/83	1.6	11.3	9.7	590	12.0	18.6	--	5.5	5.2	10.7	7.9	59.1
1983/84	6.8	7.9	7.3	508	7.8	15.7	--	5.9	6.8	12.7	2.8	66.4
1984/85*	2.5	11.1	10.4	600	13.0	15.8	--	5.5	6.2	11.8	4.1	57.8
1985/86*	3.6	10.7	10.2	630	13.4	17.6	--	6.4	2.0	8.4	9.4	54.8
1986/87*	3.6	9.6	8.9	565	10.5	19.9	--	6.8	6.5	13.3	6.6	--

*September 11, 1986 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, corn, and sorghum. October 1 for soymeal, and soyoil. 2/ Conversion factors: Hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. 3/ Includes diversion, PIK, and acreage reduction programs. 4/ Includes imports. 5/ Season average. 6/ Residual included in domestic use. 7/ Includes seed. 8/ Average of crude soybean oil, Decatur. 9/ Average of 44 percent, Decatur. 10/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks.

Information contact: Sam Evans (202) 786-1840.

Table 18.—Food grains

	Marketing year 1/			1985	1986					
	1982/83	1983/84	1984/85	July	Feb	Mar	Apr	May	June	July
Wholesale prices										
Wheat, No. 1 HRW, Kansas City ($/bu.) 2/	3.94	3.83	3.74	3.17	3.30	3.36	3.45	3.40	2.80	2.50
Wheat, DNS, Minneapolis ($/bu.) 2/	3.95	4.21	3.70	3.29	3.32	3.33	3.42	3.05	2.51	2.17
Rice, S.W. La. ($/cwt.) 3/	18.00	19.38	17.98	17.67	17.50	17.50	15.50	12.67	12.75	12.42
Wheat										
Exports (mil. bu.)	1,509	1,429	1,424	69	78	74	65	51	86	110
Mill grind (mil. bu.)	656	694	676	54	60	55	58	59	59	n.a.
Wheat flour production (mil. cwt.)	292	308	301	24	27	25	26	26	26	n.a.
Rice										
Exports (mil. cwt, rough equiv.)	68.9	70.3	62.1	5.12	2.60	3.46	2.96	3.15	6.52	9.65

	Marketing year 1/			1984	1985				1986	
	1983/84	1984/85	1985/86	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May
Wheat										
Stocks, beginning (mil. bu.)	1,515	1,399	1,425	2,743	2,141	1,667	1,425.2	2,971.1	2,526.1	2,130.0
Domestic use:										
Food (mil. bu.)	643	651	678	167	165	105.8	223.7	176.8	166.9	110.7
Feed & seed (mil. bu.) 4/	469	502	371	62	44	-1.2	334.7	24.9	4.9	6.7
Exports (mil. bu.)	1,429	1,424	915	374	266	139.1	326.6	247.3	226.1	115.3

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. n.a. = not available.

Information contacts: Allen Schienbein and Janet Livezey (202) 786-1840.

Table 19.—Cotton

	Marketing year 1/			1985	1986					
	1982/83	1983/84	1984/85	July	Feb	Mar	Apr	May	June	July
U.S. price, SLM, 1-1/16 in. (cts/lb.) 2/	63.1	73.1	60.5	59.6	59.8	61.7	62.6	63.9	65.2	65.7
Northern Europe prices:										
Index (cts./lb.) 3/	76.7	87.6	69.2	61.1	54.5	52.3	48.5	45.4	41.1	37.7
U.S. M 1-3/32" (cts./lb.) 4/	78.0	87.1	73.9	70.4	70.1	71.8	72.9	75.5	41.3	38.2
U.S. mill consumption (thou. bales)	5,512.0	5,928.0	5,540.0	459.0	522.5	541.8	572.0	579.0	537.7	488.9
Exports (thou. bales)	5,206.8	6,786.0	6,201.3	268.0	192.9	188.0	173.0	81.0	68.9	23.0
Stocks, beginning (thou. bales)	6,632	7,937	2,775	4,760	13,140	12,462	11,732	10,987	10,327	9,720

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. 4/ Memphis territory growths.

Information contact: Ed Glade (202) 786-1840.

Table 20.—Feed grains

	Marketing year 1/			1985	1986					
	1982/83	1983/84	1984/85	July	Feb	Mar	Apr	May	June	July
Wholesale prices										
Corn, No. 2 yellow, Chicago ($/bu.)	2.81	3.46	2.79	2.76	2.49	2.45	2.46	2.55	2.52	1.98
Sorghum, No. 2 yellow, Kansas City ($/cwt.)	4.80	5.22	4.46	4.50	3.80	3.82	4.00	4.25	4.00	3.20
Barley, feed, Minneapolis ($/bu.)	1.76	2.48	2.09	1.66	---	---	---	1.31	1.23	1.16
Barley, malting, Minneapolis ($/bu.)	2.53	2.84	2.55	2.25	2.20	2.34	2.40	2.07	1.84	1.75
Exports										
Corn (mil. bu.)	1,834	1,902	1,865	97	121	98	58	48	57	45
Feed grains (mil. metric tons) 2/	53.0	56.5	56.6	3.0	3.4	2.7	1.7	1.5	1.7	1.6

	Marketing year 1/			1985				1986		
	1982/83	1983/84	1984/85	Dec-Feb	Mar-May	June-Aug	Sept-Nov	Dec-Feb	Mar-May	June-Aug p
Corn										
Stocks, beginning (mil. bu.)	2,537	3,523	1,006	6,631	4,623	2,836	1,648	8,615	6,587	4,989
Domestic use:	4,521	3,818	4,116	1,183	1,026	612	1,210	1,305	1,094	543
Feed (mil. bu.)	895	975	1,055	242	283	280	272	259	302	296
Food, seed, ind. (mil. bu.)	1,834	1,902	1,865	584	479	296	418	465	204	138
Exports (mil. bu.)	7,249	6,694	7,036	2,008	1,789	1,188	1,900	2,029	1,600	977
Total use (mil. bu.)										

1/ September 1 for corn and sorghum; June 1 for oats and barley. 2/ Aggregated data for corn, sorghum, oats, and barley.
p = preliminary.

Information contacts: Dave Hull (202) 786-1840; Jim Cole (202) 786-1693.

Table 21.—Fats and oils

	Marketing year 1/			1985	1986					
	1982/83	1983/84	1984/85	July	Feb	Mar	Apr	May	June	July
Soybeans										
Wholesale price, No. 1 yellow, Chicago ($/bu.) 2/	6.11	7.78	5.88	5.58	5.29	5.37	5.29	5.34	5.33	5.25
Crushings (mil. bu.)	1,108.0	982.7	1,030.5	81.9	81.4	91.6	84.4	86.3	79.6	83.1
Exports (mil. bu.)	905.2	740.3	600.7	19.2	92.1	88.7	80.4	57.2	28.7	26.6
Stocks, beginning	30.6	58.6	35.3	47.6	124.6	97.4	84.9	67.6	53.2	40.7
Soybean oil										
Wholesale price, crude, Decatur (cts./lb.)	20.62	30.55	29.52	29.07	18.64	17.56	17.65	17.79	16.22	14.28
Production (mil. lb.)	12,040.4	10,872.0	10,614.5	912.6	894.9	1,005.4	935.4	953.3	881.9	899.5
Domestic disap. (mil. lb.)	9,857.3	9,598.6	9,777.9	745.9	780.4	847.0	838.7	761.7	901.7	753.0
Exports (mil. lb.)	2,024.7	1,813.6	1,557.1	174.4	100.7	92.8	124.0	50.7	115.1	44.6
Stocks, beginning (mil. lb.)	1,102.5	1,260.9	720.5	751.9	1,167.4	1,181.1	1,246.6	1,219.3	1,360.2	1,225.2
Soybean meal										
Wholesale price, 44% protein, Decatur ($/ton)	187.19	188.21	125.46	114.00	152.25	163.70	157.00	157.90	158.90	161.00
Production (thou. ton)	26,713.6	22,756.2	22,729.1	1,934.0	1,925.2	2,159.7	2,008.4	2,036.7	1,879.4	1,976.7
Domestic disap. (thou. ton)	19,306.0	17,541.0	18,479.7	1,602.4	1,397.2	1,405.1	1,486.5	1,667.0	1,430.2	1,600.6
Exports (thou. ton)	7,108.7	5,436.1	4,504.8	358.7	619.1	649.3	607.7	378.1	452.9	404.2
Stocks, beginning (thou. ton)	175.2	474.1	255.4	569.6	372.4	281.3	386.6	300.8	282.4	278.7
Margarine, wholesale price, Chicago, white (cts/lb.)	41.1	46.3	55.4	54.30	42.66	41.53	41.75	41.88	40.40	39.00

1/ Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Information contacts: Roger Hoskin (202) 786-1840; Jan Lipson (202) 786-1693.

Table 22.—Fruit

	Calendar years											
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 F
Citrus												
Production (thou. ton)	14,586	14,788	15,242	14,255	13,329	16,484	15,105	12,057	13,608	10,789	10,460 5/	11,156
Per capita consumption (lbs) 1/	119.5	117.8	118.8	108.1	108.8	113.1	104.7	110.0	120.7	103.2	115.4	n.a.
Non citrus												
Production (thou. tons)	12,384	11,846	12,274	12,460	13,689	15,152.8	12,961	14,217	14,154	14,290	14,180	n.a.
Per capita consumption (lbs) 1/	85.5	84.4	84.8	83.3	85.9	87.4	88.2	89.3	89.2	93.4	95.1	n.a.

	1985					1986						
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
Fob shipping point prices												
Apples ($/carton) 2/	14.13	16.17	14.50	14.30	14.00	13.60	15.00	14.85	15.62	18.10	18.50	22.86
Pears ($/box) 3/	n.a.	n.a.	14.00	14.00	14.00	14.00	15.59	15.50	n.a.	24.18	25.70	n.a.
Oranges ($/box) 4/	4.71	5.01	5.11	5.79	5.07	4.05	3.69	3.69	3.39	3.91	4.44	3.41
Grapefruit ($/box) 4/	5.13	6.07	4.01	3.19	3.71	3.70	3.72	3.90	4.58	4.41	5.54	5.94
Stocks, ending												
Fresh apples (mil. lbs.)	34.4	1,712.2	3,668.3	3,342.5	2,724.7	2,125.2	1,550.2	1,039.3	612.6	267.2	118.8	25.4
Fresh pears (mil. lbs.)	92.5	398.7	298.9	222.2	183.2	142.9	101.3	71.6	35.5	4.9	.7	74.9
Frozen fruits (mil. lbs.)	733.8	760.1	819.9	788.9	720.7	656.5	597.1	544.6	496.9	461.4	558.1	730.5
Frozen orange juice (mil. lbs.)	912.4	883.8	778.8	656.0	684.4	888.4	966.8	911.5	1,031.6	1,047.5	1,056.9	921.4

1/ Per capita consumption of both fresh and processed fruit in fresh weight equivalent. Eighteen fruit items are not included in this year's new per capita consumption series. 2/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 3/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 4/ U.S. equivalent on-tree returns. 5/ As of September 1, 1986. n.a. = not available. F = forecast.

Information contact: Ben Huang (202) 786-1767.

Table 23.—Vegetables

	Calendar years									
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Production										
Total vegetables (1,000 cwt) 1/	369,915	402,936	382,165	413,925	381,370	379,123	431,515	403,320	443,131	391,290
Fresh (1,000 cwt) 1/ 2/	173,800	176,541	182,563	190,859	190,228	194,694	207,924	197,919	215,236	209,722
Processed (tons) 3/	9,808,750	11,319,750	9,980,100	11,153,300	9,557,100	9,221,460	11,179,590	10,270,050	11,394,780	9,078,430
Mushrooms (1,000 lbs)	347,129	398,703	454,007	470,069	469,576	517,146	490,826	561,531	595,681	587,956
Potatoes (1,000 cwt)	357,666	355,334	366,314	342,447	302,857	338,591	355,131	333,911	362,612	404,131
Sweetpotatoes (1,000 cwt)	13,272	11,885	13,115	13,370	10,953	12,799	14,833	12,083	12,986	14,416
Dry edible beans (1,000 cwt) 4/	9,364	7,880	9,840	10,383	14,649	19,486	12,670	7,781	11,617	11,207

	1985						1986					
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
Shipments													
Fresh (1,000 cwt) 5/	25,974	16,414	15,002	18,318	14,708	14,021	22,189	16,643	17,454	19,210	32,927	26,825	27,818
Potatoes (1,000 cwt)	8,898	7,474	7,850	10,067	9,646	10,147	12,965	10,726	11,953	13,604	16,037	9,882	7,757
Sweetpotatoes (1,000 cwt)	115	109	332	492	817	504	352	313	413	227	250	177	160

1/ 1983 data are not comparable with 1984 and 1985. 2/ Estimate reinstated for asparagus with the 1984 crop, all other years also include broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, and tomatoes. 3/ Estimates reinstated for cucumbers with the 1984 crop, all other years also include snap beans, sweet corn, green peas, and tomatoes. 4/ Production by class which include baby limas, Great Northern, Pinto, Red Kidney. 5/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, lettuce, onions, bell peppers, squash, tomatoes, cantaloupes, honeydews, and watermelons.

Information contact: Shannon Hamm (202) 786-1767.

Table 24.—Other commodities

	Annual			1985		1986		
	1982	1983	1984	1985	1986 F	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June
Sugar										
Production 1/	5,936	5,682	5,890	5,969	6,145	727	683	2,992	1,619	746
Deliveries 1/	9,153	8,812	8,454	8,035	8,118	1,972	2,150	2,004	1,833	1,923
Stocks, ending 1/	3,068	2,570	3,005	3,126	2,475	2,686	1,745	3,126	3,387	2,552
Coffee										
Composite green price N.Y. (cts./lb.)	132.00	131.51	142.95	137.46	210.00	134.69	124.83	152.81	215.33	190.79
Imports, green bean equiv. (million lbs.) 2/	2,352	2,259	2,411	2,550	2,450	606	659	612	786	654 p

	Annual			1985		1986				
	1983	1984	1985	May	Dec	Jan	Feb	Mar	Apr	May
Tobacco										
Prices at auctions 3/										
Flue-cured (dol./lb.)	1.78	1.81	1.72	--	--	--	--	--	--	--
Burley (dol./lb.)	1.77	1.88	--	--	1.60	1.60	1.58	1.48	--	--
Domestic consumption 4/										
Cigarettes (bil.)	600.0	600.4	594.0	49.3	48.0	35.3	43.2	51.5	48.0	52.4
Large cigars (mil.)	3,605	3,493	3,226	293.4	238.1	225.6	198.9	227.4	257.0	275.7

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Green and processed coffee. 3/ Crop year July-June for flue-cured, October-September for burley. 4/ Taxable removals. p = preliminary.

Information contacts: (sugar) Dave Harvey (202) 786-1769; (coffee) Fred Gray (202) 786-1769; (tobacco) Verner Grise (202) 786-1840.

Table 25.—World supply and utilization of major crops, livestock and products

	1980/81	1981/82	1982/83	1983/84	1984/85 E	1985/86 P	1986/87 F
				Mil. units			
Wheat							
Area (hectare)	236.9	238.7	237.5	229.1	231.3	229.1	229.0
Production (metric ton)	442.9	448.4	479.2	491.0	515.6	503.7	505.6
Exports (metric ton) 1/	94.1	101.3	98.7	102.0	106.9	85.2	91.4
Consumption (metric ton) 2/	445.7	441.5	467.9	486.3	500.4	496.4	506.8
Ending stocks (metric ton) 3/	78.2	85.0	96.3	101.1	116.3	123.5	122.3
Coarse grains							
Area (hectare)	342.4	350.2	339.2	334.2	339.8	343.6	339.1
Production (metric ton)	732.9	769.8	778.4	684.5	809.1	843.9	822.3
Exports (metric ton) 1/	108.0	96.6	89.9	91.9	100.7	81.5	91.9
Consumption (metric ton) 2/	743.0	739.8	751.2	759.6	780.2	775.2	788.8
Ending stocks (metric ton) 3/	82.8	112.9	149.9	74.8	103.7	172.4	205.9
Rice, milled							
Area (hectare)	144.4	145.1	141.2	144.3	144.5	143.8	144.7
Production (metric ton)	271.0	280.6	285.7	308.0	319.3	316.8	320.0
Exports (metric ton) 4/	13.1	11.8	11.9	12.6	11.5	12.5	11.9
Consumption (metric ton) 2/	272.3	281.5	289.6	308.1	314.4	315.7	322.0
Ending stocks (metric ton) 3/	22.1	21.3	17.3	17.2	22.1	23.3	21.2
Total grains							
Area (hectare)	723.8	734.0	717.9	707.6	715.6	716.5	712.8
Production (metric ton)	1,446.8	1,498.8	1,543.3	1,483.5	1,644.0	1,664.4	1,647.9
Exports (metric ton) 1/	215.2	209.7	200.5	206.5	219.1	179.2	195.2
Consumption (metric ton) 2/	1,461.0	1,462.8	1,508.7	1,554.0	1,595.0	1,587.3	1,617.6
Ending stocks (metric ton) 3/	183.2	219.2	263.5	193.1	242.1	319.2	349.4
Oilseeds							
Crush (metric ton)	132.9	138.3	143.5	137.0	150.8	153.8	157.2
Production (metric ton)	155.8	169.4	178.3	165.7	190.4	195.4	197.5
Exports (metric ton)	32.1	35.8	35.1	33.0	32.8	34.2	35.9
Ending stocks (metric ton)	20.5	18.9	20.5	15.8	20.9	26.5	29.5
Meals							
Production (metric ton)	90.8	94.1	98.0	93.0	101.8	103.8	106.2
Exports (metric ton)	25.9	28.9	31.6	29.6	32.5	33.3	33.4
Oils							
Production (metric ton)	40.0	41.6	43.4	42.5	46.4	49.1	50.2
Exports (metric ton)	12.5	13.3	14.0	13.7	15.5	16.6	16.7
Cotton							
Area (hectare)	32.4	33.2	31.9	31.4	33.9	32.0	30.8
Production (bale)	64.8	70.8	67.5	67.7	87.0	79.0	74.1
Exports (bale)	19.7	20.2	19.4	19.2	20.3	20.4	22.4
Consumption (bale)	65.9	65.5	68.0	69.0	69.9	74.3	76.5
Ending stocks (bale)	24.1	25.4	25.0	25.0	41.9	46.9	44.1
	1981	1982	1983	1984	1985	1986 F	1987 F
Red meat							
Production (mil. metric tons)	93.6	93.9	96.5	98.1	101.7	102.1	102.6
Consumption (mil. metric tons)	91.8	92.2	94.7	96.1	99.6	100.6	101.0
Exports (mil. metric tons) 1/	5.7	5.8	5.8	5.9	6.3	6.1	6.4
Poultry							
Production (mil. metric tons)	22.4	23.0	23.5	24.2	25.2	26.1	27.3
Consumption (mil. metric tons)	22.1	22.7	23.5	24.0	24.9	25.7	27.0
Exports (mil. metric tons) 1/	1.5	1.4	1.3	1.2	1.2	1.2	1.2
Dairy							
Milk production	389.7	397.9	413.1	413.1	417.4	420.8	n.a.

E = Estimated. P = Projected. F = Forecast. 1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1981 data correspond with 1980/81, etc. n.a. = not available.

Information contact: Frederic Surls (202) 786-1693.

Table 26.—Prices of principal U.S. agricultural trade products

	Annual			1985	1986					
	1983	1984	1985	July	Feb	Mar	Apr	May	June	July
Export commodities										
Wheat, f.o.b. vessel, Gulf ports ($/bu.)	4.30	4.17	3.73	3.53	3.57	3.71	3.76	3.49	2.92	2.80
Corn, f.o.b. vessel, Gulf ports ($/bu.)	3.49	3.50	2.89	2.96	2.67	2.57	2.59	2.70	2.69	2.17
Grain sorghum, f.o.b. vessel, Gulf ports ($/bu.)	3.34	3.00	2.64	2.54	2.46	2.42	2.56	2.71	2.37	1.94
Soybeans, f.o.b. vessel, Gulf ports ($/bu.)	7.31	7.38	5.83	5.86	5.63	5.65	5.57	5.59	5.53	5.45
Soybean oil, Decatur (cts./lb.)	23.51	30.75	27.03	28.84	18.34	17.41	17.64	17.72	16.75	16.21
Soybean meal, Decatur ($/ton)	200.91	166.80	127.15	116.39	153.28	163.19	156.72	157.60	158.55	162.15
Cotton, 8 market avg. spot (cts./lb.)	68.68	68.37	58.55	59.55	59.81	61.75	62.62	63.95	65.24	65.73
Tobacco, avg. price at auction (cts./lb.)	173.96	170.66	172.05	160.20	162.27	159.39	158.59	158.01	158.01	158.01
Rice, f.o.b. mill, Houston ($/cwt.)	19.39	19.47	18.57	18.75	17.50	17.31	17.25	13.75	13.60	13.00
Inedible tallow, Chicago (cts./lb.)	13.41	17.47	14.33	13.60	11.81	9.38	8.94	8.72	7.56	7.78
Import commodities										
Coffee, N.Y. spot ($/lb.)	1.33	1.46	1.42	1.34	2.26	2.35	2.28	2.18	1.93	1.88
Rubber, N.Y. spot (cts./lb.)	56.19	49.70	41.91	41.55	42.76	41.98	39.18	40.10	41.06	43.51
Cocoa beans, N.Y. ($/lb.)	.92	1.06	.99	.96	.86	.91	.85	.81	.81	.88

Information contact: Frederic Surls (202) 786-1693.

Table 27.—Indexes of nominal and real trade-weighted dollar exchange rates

	1985				1986							
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
							1980=100					
Total U.S. trade												
Nominal	148	140	137	136	134	129	126	125	123	124	n.a.	n.a.
Real	149	141	138	137	135	130	127	126	124	125	n.a.	n.a.
							April 1971=100					
Agricultural trade												
Nominal 1/	2,583	2,830	3,083	3,183	3,544	4,093	4,495	4,500	4,511	4,498	4,567	4,661
Real 2/	103	99	99	91	90	88	86*	85*	84*	84*	84*	85*
Soybeans												
Nominal 1/	210	210	229	114	112	107	105	105	103	103	161	250
Real 2/	98	92	91	84	82	79	76*	76*	74*	75*	74*	75*
Wheat												
Nominal 1/	14,116	15,607	17,029	18,368	20,580	23,953	26,425	26,457	26,533	26,449	26,499	26,501
Real 2/	111	109	109	103	102	102	102*	99*	97*	96*	93*	94*
Corn												
Nominal 1/	2,403	2,627	2,865	2,903	3,227	3,720	4,081	4,086	4,095	4,083	4,172	4,297
Real 2/	101	97	96	86	85	81	79*	78*	76*	76*	77*	78*
Cotton												
Nominal 1/	215	213	215	216	216	214	228	227	226	233	231	230
Real 2/	100	98	97	97	97	95	94*	93*	92*	92*	91*	90*

1/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 2/ Real values are computed in the same way as the nominal series, adjusted for CPI changes in the countries involved.
*Preliminary; assumes the same rate of CPI increase/decrease as the previous six months. n.a. = not available.
Information contact: Edward Wilson (202) 786-1688.

Table 28.—Trade balance

	Fiscal years*								Oct-July	July
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1986
						$ Million				
Exports										
Agricultural	27,289	31,979	40,481	43,780	39,095	34,769	38,027	31,187	22,524	1,703
Nonagricultural	104,270	135,839	169,846	185,423	176,310	159,373	170,014	179,253	146,722	14,208
Total 1/	131,559	167,818	210,327	229,203	215,405	194,142	208,041	210,440	169,246	15,911
Imports										
Agricultural	13,886	16,186	17,276	17,218	15,481	16,271	18,916	19,740	17,648	1,777
Nonagricultural	152,095	177,424	223,590	237,469	233,353	230,629	297,736	313,863	287,966	32,473
Total 2/	165,981	193,610	240,866	254,687	248,834	246,900	316,652	333,603	305,614	34,250
Trade balance										
Agricultural	13,403	15,793	23,205	26,562	23,614	18,498	19,111	11,447	4,876	-74
Nonagricultural	-47,825	-41,585	-53,744	-52,046	-57,043	-71,256	-127,722	-134,610	-141,244	-18,265
Total	-34,422	-25,792	-30,539	-25,484	-33,429	-52,758	-108,611	-123,163	-136,368	-18,339

*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985.
1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value).
Information contact: Steve MacDonald (202) 786-1621.

Table 29.—U.S. agricultural exports and imports

	Fiscal years*			Oct-July*	July	Fiscal years*			Oct-July*	July
	1983	1984	1985	1986	1986	1983	1984	1985	1986	1986
	Thousand units					$ Million				
Exports										
Animals, live (no.)	763	754	996	497	27	264	276	255	266	23
Meats & preps., excl. poultry (mt)	412	422	427	358	34	926	929	906	817	78
Dairy products (mt)	339	418	423	389	45	349	393	414	346	39
Poultry meats (mt)	250	225	234	218	23	281	280	257	230	23
Fats, oils, & greases (mt)	1,443	1,395	1,217	1,163	118	593	703	608	419	33
Hides & skins incl. furskins	---	---	---	---	---	997	1,318	1,325	1,217	104
Cattle hides, whole (no.)	21,989	24,283	25,456	21,424	1,943	709	1,010	1,019	941	89
Mink pelts (no.)	2,446	2,551	2,237	2,540	93	62	67	60	62	2
Grains & feeds (mt)	102,016	108,194	93,783	61,306	5,655	15,050	17,304	13,270	7,980	711
Wheat (mt)	36,701	41,699	28,523	19,700	2,843	5,910	6,497	4,264	2,627	323
Wheat flour (mt)	1,529	1,071	720	867	95	256	234	164	166	16
Rice (mt)	2,276	2,293	1,972	1,531	328	874	897	677	482	70
Feed grains, excl.products (mt)	53,481	55,285	54,930	31,566	1,609	6,496	8,129	6,775	3,377	160
Feeds & fodders (mt)	7,171	7,021	6,543	6,776	695	1,193	1,216	1,005	1,048	115
Other grain products (mt)	859	825	1,096	865	86	321	331	385	281	27
Fruits, nuts, and preps. (mt)	2,120	1,931	1,907	1,701	163	1,660	1,594	1,687	1,476	145
Fruit juices incl. froz. (hl)	5,803	5,598	4,641	2,980	254	222	223	200	124	11
Vegetables & preps. (mt)	1,578	1,527	1,420	1,266	114	990	999	946	861	77
Tobacco, unmanufactured (mt)	245	227	257	203	7	1,487	1,433	1,588	1,194	45
Cotton, excl. linters (mt)	1,136	1,481	1,277	338	5	1,683	2,395	1,945	523	8
Seeds (mt)	275	252	300	233	18	333	326	353	326	24
Sugar, cane or beet (mt)	141	285	355	269	20	38	74	65	53	6
Oilseeds & products (mt)	34,322	26,961	23,802	25,141	1,202	8,721	8,602	6,195	5,682	282
Oilseeds (mt)	26,039	20,466	17,886	19,203	764	6,332	6,254	4,324	4,082	164
Soybeans (mt)	24,522	19,265	16,620	18,745	723	5,866	5,734	3,876	3,894	149
Protein meal (mt)	6,688	5,060	4,606	4,948	374	1,486	1,217	853	996	76
Vegetable oils (mt)	1,596	1,435	1,311	991	64	902	1,131	1,018	604	41
Essential oils (mt)	10	11	12	6	1	88	96	105	88	8
Other	---	---	---	--	--	1,087	1,082	1,069	924	87
Total	---	---	---	--	--	34,769	38,027	31,187	22,524	1,703
Imports										
Animals, live (no.)	1,553	1,907	2,120	1,678	185	555	596	569	538	52
Meats & preps., excl. poultry (mt)	938	905	1,123	928	118	2,092	1,931	2,214	1,833	229
Beef & veal (mt)	661	550	674	559	76	1,387	1,165	1,295	1,018	132
Pork (mt)	251	328	416	334	38	638	703	847	733	88
Dairy products (mt)	299	382	418	330	30	709	757	763	653	67
Poultry and products	—	—	—	—	--	91	122	93	80	10
Fats, oils, & greases (mt)	11	18	21	17	2	7	13	18	14	1
Hides & skins, incl. furskins	—	—	—	—	—	191	216	240	172	13
Wool, unmanufactured (mt)	38	59	43	45	5	124	193	145	138	14
Grains & feeds (mt)	1,611	1,805	2,070	1,989	229	448	534	604	558	62
Fruits, nuts, & preps., excl. juices (mt)	3,597	4,036	4,483	4,017	387	1,386	1,634	1,891	1,692	170
Bananas & plantains (mt)	2,516	2,727	3,022	2,572	274	585	666	752	626	67
Fruit juices (hl)	22,166	27,247	35,112	26,541	2,895	479	671	995	604	56
Vegetables & preps. (mt)	1,693	2,093	2,140	1,976	123	1,138	1,314	1,347	1,398	96
Tobacco, unmanufactured (mt)	239	190	191	169	19	734	563	556	496	51
Cotton, unmanufactured (mt)	8	32	31	37	3	7	17	17	13	1
Seeds (mt)	85	82	92	78	1	91	97	91	94	5
Nursery stock & cut flowers	--	--	--	--	—	228	292	318	287	15
Sugar, cane or beet (mt)	2,564	2,829	2,338	1,656	174	974	1,144	912	576	60
Oilseeds & products (mt)	1,021	1,137	1,271	1,290	170	493	799	784	562	59
Oilseeds (mt)	185	223	253	173	31	80	95	98	60	8
Protein meal (mt)	87	118	159	114	11	14	21	17	12	1
Vegetable oils (mt)	749	797	859	1,003	129	399	683	670	489	50
Beverages excl. fruit juices (hl)	12,426	14,120	15,494	12,565	1,587	1,346	1,547	1,622	1,520	171
Coffee, tea, cocoa, spices (mt)	1,701	1,776	1,868	1,628	165	3,984	4,777	4,983	5,154	514
Coffee, incl. products (mt)	1,061	1,128	1,128	1,028	96	2,832	3,300	3,244	3,707	358
Cocoa beans & products (mt)	464	451	539	421	48	829	1,058	1,285	1,005	103
Rubber & allied gums (mt)	654	809	799	690	71	582	854	680	527	55
Other	—	--	—	—	—	717	844	900	741	76
Total	—	—	—	—	—	16,373	18,916	19,740	17,648	1,777

*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985. — Not available.

Information contact: Steve MacDonald (202) 786-1621.

Table 30. U.S. agricultural exports by regions

Region & country	Fiscal years*			Oct-July*	July	Change from year* earlier			Oct-July	July
	1983	1984	1985	1986	1986	1983	1984	1985	1986	1986
			$ Mil.					Percent		
Western Europe	10,148	9,265	7,184	6,062	269	-17	-9	-22	-3	-17
European Community (EC-10)	9,465	8,650	6,669	5,720	250	-17	-9	-23	-2	-17
Belgium-Luxembourg	811	836	470	324	8	-13	3	-44	-17	-67
France	517	510	396	379	28	-22	-1	-22	8	42
Germany, Fed. Rep.	1,454	1,260	900	905	33	-8	-13	-29	16	11
Italy	799	771	677	625	26	-23	-4	-12	1	15
Netherlands	2,821	2,227	1,927	1,800	81	-14	-21	-13	6	-8
United Kingdom	821	790	628	535	30	-13	-4	-20	-2	-28
Portugal	638	702	502	277	19	9	10	-28	-35	-7
Spain, incl. Canary Islands	1,199	1,232	832	665	14	-37	3	-32	-8	-68
Other Western Europe	682	615	515	342	19	-14	-10	-16	-22	-12
Switzerland	355	311	232	112	8	5	-12	-26	-48	-17
Eastern Europe	827	741	532	403	14	-10	-10	-28	-15	-51
Germany Dem. Rep.	123	132	81	47	1	-46	7	-39	-41	68
Poland	232	197	126	33	1	29	-15	-36	-71	-90
Yugoslavia	249	180	137	112	8	39	-28	-24	-6	-3
Romania	115	155	88	109	2	-21	35	-43	48	725
USSR	983	2,512	2,509	1,104	11	-58	156	0	-56	31
Asia	13,588	15,209	11,933	8,824	724	-4	12	-22	-14	-10
West Asia (Mideast)	1,482	1,865	1,452	1,029	130	0	26	-22	-19	36
Turkey	28	222	129	106	3	-74	693	-42	-15	147
Iraq	323	423	371	278	46	139	31	-12	-17	500
Israel	293	351	300	216	33	-14	20	-15	-15	57
Saudia Arabia	446	497	381	238	23	-6	11	-23	-26	-36
South Asia	1,170	867	599	388	17	64	-26	-31	-27	-68
Bangladesh	153	157	205	55	6	25	3	31	-71	637
India	762	376	129	71	6	146	-51	-66	-37	-39
Pakistan	215	285	228	227	1	-2	33	-20	17	-97
East & Southeast Asia	10,936	12,477	9,882	7,406	577	-8	14	-21	-13	-12
China	546	692	239	83	2	-70	27	-65	-57	-86
Taiwan	1,237	1,409	1,342	959	72	6	14	-5	-19	-17
Japan	5,888	6,935	5,663	4,393	320	3	18	-18	-10	-13
Korea, Rep.	1,713	1,816	1,400	1,059	101	7	6	-23	-13	-11
Hong Kong	344	407	396	328	33	-15	18	-3	1	3
Indonesia	410	438	204	129	14	-5	7	-53	-27	14
Philippines	380	300	285	219	20	19	-21	-5	-2	24
Africa	2,272	2,868	2,527	1,779	193	-7	26	-12	-20	4
North Africa	1,452	1,542	1,207	1,189	104	4	6	-22	9	55
Morocco	225	341	156	127	0	33	52	-54	-7	-98
Algeria	203	162	220	272	32	-8	-20	36	30	240
Egypt	911	882	766	770	72	1	-3	-13	12	38
Sub-Sahara	821	1,327	1,320	590	89	-22	62	-1	-48	-25
Nigeria	332	345	367	114	20	-38	4	6	-66	-19
Rep. S. Africa	130	525	189	53	13	-2	304	-64	-69	168
Latin America & Caribbean	4,858	5,279	4,570	2,987	351	-2	9	-13	-24	14
Brazil	400	438	557	292	33	-31	10	27	-41	18
Caribbean Islands	774	827	771	635	72	1	7	-7	-1	17
Central America	356	396	361	257	33	4	11	-9	-14	-16
Colombia	256	20	238	122	9	-6	-14	8	-39	-53
Mexico	1,777	1,966	1,566	977	83	19	11	-20	-30	21
Peru	258	227	106	82	12	-17	-12	-53	-7	113
Venezuela	617	778	721	452	90	-17	26	-7	-24	49
Canada	1,870	1,936	1,727	1,192	115	0	4	-11	-19	-13
Oceania	224	216	204	174	26	-24	-4	-6	-1	139
Total	34,769	38,027	31,187	22,524	1,703	-11	9	-18	-18	-6

*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985.

Note: Adjusted for transshipments through Canada.

Information contact: Steve MacDonald (202) 786-1621.

Table 31.—Farm income statistics

	Calendar years										
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 p	1986 F
	Billion dollars										
1. Farm receipts	96.4	97.5	114.3	133.8	142.0	144.1	147.1	140.9	146.4	148.5	137 to 141
Crops (incl. net CCC loans)	49.0	48.6	53.2	62.3	71.7	72.5	72.4	67.0	69.2	72.7	61 to 65
Livestock	46.3	47.6	59.2	69.2	68.0	69.2	70.2	69.5	72.9	69.4	69 to 73
Farm related 1/	1.1	1.2	1.9	2.2	2.3	2.5	4.5	4.4	4.3	6.4	4 to 6
2. Direct Government payments	0.7	1.8	3.0	1.4	1.3	1.9	3.5	9.3	8.4	7.7	10 to 13
Cash payments	0.7	1.8	3.0	1.4	1.3	1.9	3.5	4.1	4.0	7.6	8 to 11
Value of PIK commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.2	4.5	0.1	1 to 3
3. Total gross farm income (4+5+6)	102.9	108.8	128.4	150.7	149.3	166.3	163.4	152.4	174.4	166.6	154 to 158
4. Gross cash income (1+2) 2/	97.2	99.3	117.3	135.1	143.3	146.0	150.6	150.2	154.9	156.2	149 to 153
5. Nonmoney income 3/	7.3	8.4	9.3	10.6	12.3	13.8	14.1	13.2	13.3	11.5	9 to 11
6. Value of inventory change	-1.5	1.1	1.9	5.0	-6.3	6.5	-1.3	-10.9	6.3	-1.1	-6 to -2
7. Cash expenses 4/	67.2	71.4	84.2	101.7	109.1	113.2	113.8	113.0	115.6	112.1	104 to 108
8. Total expenses	82.7	88.9	103.2	123.3	133.1	139.4	140.7	139.5	141.7	136.1	127 to 131
9. Net cash income (4-7)	29.9	27.8	33.1	33.4	34.2	32.8	36.8	37.1	39.3	44.0	43 to 47
10. Net farm income (3-8)	20.2	19.9	25.2	27.4	16.1	26.9	22.7	13.0	32.7	30.5	25 to 29
Deflated (1982$)	32.0	29.5	34.9	34.9	18.8	28.6	22.7	12.5	30.3	27.3	22 to 25
11. Off-farm income	26.7	26.1	29.7	33.8	34.7	35.8	36.4	37.0	37.9	40.8	40 to 44
12. Loan changes 5/: Real estate	5.2	7.6	7.6	13.0	9.4	9.3	4.0	2.5	-0.8	-5.6	-6 to -2
13. 5/: Nonreal estate	6.0	6.8	8.3	10.9	5.9	6.2	3.3	1.0	-0.7	-9.7	-7 to -3
14. Rental income plus monetary change	3.5	3.4	4.0	4.8	5.0	5.1	6.2	5.4	7.5	7.4	5 to 8
15. Capital expenditures 5/	14.0	15.0	17.9	19.9	18.0	16.8	13.7	13.0	12.5	10.1	7 to 10
16. Net cash flow (9+12+13+14-15)	30.6	30.7	35.0	42.2	36.5	36.6	36.7	33.0	32.8	26.0	31 to 35

p=preliminary. F=Forecast. 1/ Income from machine hire, custom work, sales of forest products, and other misc. cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food and imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, and farm household expenses. 5/ Excludes farm households.

Information contact: Gary Lucier (202) 786-1807.

Table 32.—Balance sheet of the U.S. farming sector

	Calendar years										
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 p	1986 F
	Billion dollars										
Assets											
Real estate	453.5	507.7	600.7	704.2	779.2	780.2	745.6	736.1	639.6	559.6	510-560
Non-real estate	136.9	149.0	183.0	213.9	224.0	225.0	232.2	220.3	216.4	211.9	190-230
Livestock & poultry	29.0	31.9	51.3	61.4	60.6	53.5	53.0	49.7	49.6	45.9	47-51
Machinery & motor vehicles	63.9	69.9	78.2	90.8	96.8	103.0	103.7	100.9	95.0	92.2	87-91
Crops stored	22.1	24.8	28.0	33.5	36.5	36.1	40.6	35.2	33.7	37.1	33-37
Financial assets	21.9	22.4	25.5	28.2	30.1	32.4	34.9	36.5	38.1	36.7	34-38
Total farm assets	590.4	656.7	783.7	918.1	1,003.2	1,005.2	977.8	956.5	856.1	771.4	710-760
Liabilities											
Real estate	50.3	58.0	65.6	78.5	87.9	97.3	101.2	103.7	102.9	97.3	91-95
Non-real estate	46.6	52.4	66.4	7.0	82.5	91.7	102.4	98.8	96.0	94.8	92-97
CCC loans	1.0	4.5	5.7	5.1	5.0	8.0	15.4	10.8	8.7	16.9	20-24
Other non-real estate	45.6	52.4	60.7	71.6	77.5	83.7	86.8	87.9	87.1	77.9	71-75
Total farm liabilities	97.0	114.9	131.9	155.2	170.4	189.0	203.6	202.4	198.7	192.1	183-192
Total farm equity	493.5	541.8	651.8	762.9	832.9	816.3	774.2	754.0	657.3	579.3	520-570
	Percent										
Selected ratios											
Debt-to-assets	15.7	16.7	16.2	16.4	16.5	18.2	20.8	21.2	23.2	24.9	22-26
Debt-to-equity	18.6	20.0	19.3	19.6	19.7	22.2	26.3	26.9	30.3	33.2	30-34
Debt-to-net cash income	324.4	411.8	398.5	464.7	498.3	576.2	553.1	545.5	506.0	436.2	390-430

p = preliminary. F = forecast.

Information contact: Richard Kodl (202) 786-1808

Table 33.—Cash receipts from farm marketings, by States

State	Livestock and Products				Crops 1/				Total 1/			
	1984	1985	May 1986	June 1986	1984	1985	May 1986	June 1986	1984	1985	May 1986	June 1986
	$ Mil. 2/											
North Atlantic												
Maine	284	250	21	19	167	127	9	8	451	378	30	27
New Hampshire	77	71	6	6	33	36	2	2	110	107	9	8
Vermont	372	352	30	28	30	32	1	1	402	384	31	29
Massachusetts	131	124	11	11	258	265	14	13	389	389	25	23
Rhode Island	14	13	1	1	48	49	4	2	62	63	5	3
Connecticut	220	206	17	16	125	110	6	5	346	316	24	21
New York	1,921	1,845	156	145	745	719	37	38	2,666	2,564	193	183
New Jersey	135	144	13	12	404	447	32	54	538	591	45	66
Pennsylvania	2,242	2,184	188	176	848	966	60	59	3,090	3,150	248	235
North Central												
Ohio	1,626	1,511	134	127	1,989	2,430	83	88	3,614	3,940	218	216
Indiana	1,801	1,728	145	160	2,426	2,869	83	68	4,228	4,597	228	228
Illinois	2,173	2,063	168	173	4,482	5,704	171	180	6,655	7,768	339	354
Michigan	1,298	1,231	104	106	1,496	1,619	83	77	2,793	2,850	187	184
Wisconsin	4,075	4,100	360	359	878	1,012	45	39	4,953	5,111	405	398
Minnesota	3,360	3,370	279	293	2,728	3,102	83	99	6,088	6,472	361	391
Iowa	5,015	4,811	402	424	3,924	4,390	116	114	8,939	9,201	518	538
Missouri	2,166	1,930	147	139	1,530	1,738	42	57	3,696	3,668	189	196
North Dakota	693	686	46	33	1,839	2,060	50	55	2,532	2,746	95	87
South Dakota	1,804	1,903	137	111	1,021	1,076	31	29	2,826	2,979	168	140
Nebraska	4,524	4,113	377	369	2,510	3,093	92	66	7,035	7,206	469	435
Kansas	3,614	3,264	305	272	2,406	2,478	51	102	6,020	5,741	356	373
Southern												
Delaware	383	352	34	32	143	137	4	13	527	490	38	45
Maryland	810	770	68	67	369	378	12	14	1,179	1,148	81	82
Virginia	1,121	1,004	67	73	665	623	14	18	1,786	1,627	81	91
West Virginia	183	192	15	15	43	49	1	1	225	241	16	16
North Carolina	1,941	1,934	157	157	2,253	1,980	46	62	4,194	3,914	203	219
South Carolina	427	415	34	31	736	618	14	68	1,164	1,033	48	99
Georgia	1,848	1,727	151	142	1,772	1,600	42	60	3,620	3,327	193	202
Florida	1,091	1,015	80	81	3,642	3,726	171	229	4,733	4,741	251	310
Kentucky	1,415	1,352	68	67	1,288	1,519	16	21	2,703	2,871	84	88
Tennessee	1,054	1,000	75	73	1,051	1,057	26	35	2,105	2,057	101	108
Alabama	1,388	1,301	109	110	803	776	15	24	2,192	2,077	124	134
Mississippi	1,046	1,010	88	80	1,118	1,126	-5	0	2,164	2,136	82	80
Arkansas	1,885	1,825	157	162	1,400	1,455	-5	17	3,285	3,280	150	179
Louisiana	480	491	42	47	1,147	968	10	9	1,627	1,460	52	56
Oklahoma	1,776	1,726	124	121	879	938	30	62	2,655	2,664	154	183
Texas	5,901	5,441	561	453	3,569	3,857	145	218	9,470	9,298	706	671
Western												
Montana	717	802	53	37	649	405	20	8	1,366	1,207	72	45
Idaho	901	862	61	56	1,383	1,200	32	34	2,284	2,063	93	90
Wyoming	472	479	37	17	114	110	2	2	586	589	39	19
Colorado	2,205	2,019	141	121	1,141	1,145	40	34	3,545	3,164	181	155
New Mexico	657	718	63	42	334	369	14	35	991	1,086	77	78
Arizona	753	702	64	70	900	827	73	48	1,654	1,529	136	118
Utah	449	409	30	30	139	138	5	9	588	548	34	39
Nevada	172	144	13	11	79	78	4	4	251	222	17	15
Washington	1,031	932	76	69	2,100	1,865	84	126	3,132	2,797	159	195
Oregon	630	622	39	45	1,216	1,156	36	57	1,846	1,778	75	102
California	4,529	4,165	330	313	9,944	9,805	819	681	14,473	13,970	1,149	995
Alaska	7	8	1	1	18	18	1	1	25	26	2	2
Hawaii	87	83	7	7	463	458	39	38	550	540	46	45
United States	72,905	69,401	5,792	5,510	69,248	72,702	2,795	3,083	142,153	142,103	8,587	8,593

1/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period.
2/ Estimates as of the end of current month. Rounded data may not add.

Information contact: Roger Strickland (202) 786-1804.

Transportation

Table 34.—Cash receipts from farming

	Annual						1985	1986				
	1980	1981	1982	1983	1984	1985 p	June	Feb	Mar	Apr	May	June
						$ Mil.						
Farm marketings and CCC loans 1/	139,736	141,616	142,624	136,460	142,153	142,103	9,503	8,759	9,338	9,505	8,587	8,593
Livestock and products	67,991	69,151	70,249	69,455	72,905	69,401	5,433	5,070	5,439	5,591	5,792	5,510
Meat animals	41,233	39,748	40,917	38,893	40,832	38,185	2,917	2,788	2,905	3,064	3,151	2,938
Dairy products	16,365	18,095	18,234	18,757	17,944	18,135	1,520	1,377	1,528	1,521	1,597	1,509
Poultry and eggs	9,160	9,949	9,538	10,003	12,219	11,196	870	801	890	889	920	929
Other	1,233	1,358	1,560	1,800	1,910	1,885	126	104	116	118	124	134
Crops	71,746	72,465	72,375	67,007	69,248	72,702	4,069	3,690	3,900	3,914	2,795	3,083
Food grains	10,402	11,619	11,469	9,733	9,578	8,846	884	349	242	186	108	434
Feed crops	18,308	17,770	17,404	15,367	15,728	21,397	910	1,244	1,176	974	663	608
Cotton (lint and seed)	4,447	4,055	4,454	3,711	3,270	3,800	16	251	62	8	-34	-34
Tobacco	2,672	3,250	3,342	2,768	2,841	2,722	0	101	21	34	0	0
Oil-bearing crops	15,493	13,853	13,812	13,530	13,861	12,237	509	486	687	725	57	409
Vegetables and melons	7,307	8,772	8,113	8,512	9,237	8,582	774	492	713	809	1,077	803
Fruits and tree nuts	6,557	6,603	6,821	6,062	6,787	6,812	538	247	307	318	276	454
Other	6,560	6,543	6,960	7,326	7,946	8,306	439	519	691	860	650	411
Government payments	1,286	1,932	3,492	9,295	8,430	7,704	194	674	41	1,950	1,701	1,187
Total	141,022	143,548	146,116	145,755	150,583	149,807	9,697	9,433	9,379	11,455	10,288	9,780

1/ Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month. p = preliminary.

Information contact: Roger Strickland (202) 786-1804.

Indicators of Farm Productivity

Table 35.—Farm production expenses, 1982-85 1

	Calendar years									
	1976	1977	1978	1979	1980	1981	1982	1983	1984 r	1985 p
						Million dollars				
Feed	14,370	13,967	16,036	19,314	20,971	20,855	18,592	21,725	19,850	19,588
Livestock	5,884	7,072	10,150	13,012	10,670	8,999	9,696	8,814	9,498	8,991
Seed	2,366	2,484	2,638	2,904	3,220	3,428	3,172	2,987	3,447	3,369
Farm-origin inputs	22,620	23,523	28,824	35,230	34,861	33,282	31,460	33,526	32,795	31,948
Fertilizer	6,468	6,529	6,619	7,369	9,490	9,409	8,018	7,066	7,429	7,258
Fuels and oils	3,966	4,356	4,609	5,635	7,879	8,570	7,888	7,503	7,143	6,584
Electricity	858	1,069	1,389	1,447	1,526	1,747	2,041	2,146	2,166	2,073
Pesticides	2,108	1,938	2,656	3,436	3,539	4,201	4,282	4,161	4,768	4,965
Manufactured inputs	13,400	13,892	15,273	17,887	22,434	23,927	22,229	20,876	21,506	20,881
Short-term interest	3,574	4,203	5,167	6,868	8,717	10,722	11,349	10,615	10,396	8,821
Real estate interest	3,785	4,329	5,060	6,190	7,544	9,142	10,481	10,815	10,733	9,878
Total interest charges	7,359	8,532	10,227	13,058	16,261	19,864	21,830	21,430	21,129	18,699
Repair and operation	4,879	5,430	6,638	7,280	7,648	7,587	7,730	7,543	7,850	7,450
Hired labor	6,743	7,131	8,279	8,982	9,294	8,932	10,182	9,660	9,838	10,347
Machine hire and custom work	1,546	1,682	1,776	2,063	1,823	1,984	2,025	1,896	2,170	2,185
Dairy deduction 1/	0	0	0	0	0	0	0	633	656	168
Other operating expenses	5,461	0	0	0	0	0	10,698	10,649	10,859	11,519
Total operating expenses	18,629	14,243	16,693	18,325	18,765	18,503	30,635	30,381	31,373	31,669
Depreciation	13,778	15,493	16,963	19,345	21,474	25,573	23,886	23,490	23,020	21,101
Taxes	3,491	3,660	3,603	3,871	5,891	4,246	4,394	4,323	4,384	4,423
Net rent to non-operator landlord	3,465	3,412	3,963	6,182	6,075	6,184	6,219	5,441	7,504	7,387
Other overhead expenses	20,734	22,565	24,529	29,398	31,440	36,003	34,499	33,255	34,908	32,911
Total production expenses	82,742	88,884	103,249	123,305	133,138	139,444	140,654	139,468	141,712	136,108

1/ Totals may not add due to rounding. r = revised. p = preliminary.

Information contact: Richard Kodl (202) 786-1808.

Table 36.—Rail rates; grain and fruit-vegetable shipments; truck costs

	Annual			1985	1986					
	1983	1984	1985	July	Feb	Mar	Apr	May	June	July
Rail freight rate index 1/ (Dec 1984 = 100)										
All products	95.0	99.3	100.0	99.8	101.0	101.0	100.9 p	100.9 p	100.9 p	101.1 p
Farm products	94.0	98.7	99.0	97.7	99.7	99.7	99.7 p	99.8 p	100.3 p	100.2 p
Grain	94.0	98.6	98.3	96.4	99.0	99.0	99.0 p	99.1 p	99.1 p	99.1 p
Food products	94.8	99.1	100.1	100.1	100.9	100.9	100.7 p	100.7 p	100.9 p	100.9 p
Grain										
Rail carloadings (thou. cars) 2/	26.1	27.2	22.6	22.6	22.7 p	20.7 p	18.0 p	17.6 p	24.8 p	24.4 p
Fresh fruit & vegetable shipments										
Piggy back (thou. cwt.) 3/ 4/	545	570	597	609	534	604	668	920	927	727
Rail (thou. cwt.) 3/ 4/	786	640	507	370	566	489	447	690	678	335
Truck (thou. cwt.) 3/ 4/	7,923	8,006	8,150	8,714	7,596	8,160	9,143	11,219	10,328	8,945
Cost of operating trucks hauling produce 5/										
Owner operator (cts./mile)	114.2	115.5	116.1	115.1	115.4	113.0	112.	113.0	112.3	111.8
Fleet operation (cts./mile)	112.7	115.3	116.7	116.8	116.5	113.4	113.3	113.4	112.6	112.1

1/ Department of Labor, Bureau of Labor Statistics, revised March 1985. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1985 and 1986. 5/ Office of Transportation, USDA. p = preliminary.

Information contact: T.Q. Hutchinson (202) 786-1864.

Table 37.—Indexes of farm production, input use, and productivity

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 2/
	1977=100									
Farm output	100	104	111	104	118	116	96	112	119	113
All livestock products 3/	100	101	104	108	109	107	109	107	110	111
Meat animals	100	100	103	107	106	101	104	101	101	100
Dairy products	100	99	101	105	108	110	114	110	117	118
Poultry & eggs	100	106	114	115	119	119	120	123	128	134
All crops 4/	100	102	113	101	117	117	88	111	116	109
Feed grains	100	108	116	97	121	122	67	116	133	123
Hay & forage	100	106	108	98	106	109	100	107	106	108
Food grains	100	93	108	121	144	138	117	129	121	107
Sugar crops	100	101	94	97	107	96	93	95	97	107
Cotton	100	76	102	79	109	85	55	91	93	73
Tobacco	100	106	80	93	108	104	75	90	79	64
Oil crops	100	105	129	99	114	121	91	106	117	109
Cropland used for crops	100	97	100	101	102	101	88	99	98	94
Crop production per acre	100	105	113	100	115	116	100	112	118	116
Farm input 5/	100	102	105	103	102	99	95	96	98	n.a.
Farm real estate	100	100	103	103	103	103	101	99	n.a	n.a.
Mechanical power & machinery	100	104	104	101	98	94	89	88	n.a	n.a.
Agricultural chemicals	100	107	123	123	129	118	105	120	n.a	n.a.
Feed, seed & livestock purchases	100	108	115	114	108	106	106	106	n.a	n.a.
Farm output per unit of input	100	102	105	101	116	117	100	116	121	n.a.
Output per hour of labor 6/										
Farm	100	97	106	109	132	140	106	123	135	n.a.
Nonfarm	100	101	99	99	100	99	103	104	104	n.a.

1/ For historical data and indexes, see Changes in Farm Production and Efficiency USDA Statistical Bulletin 657. 2/ Preliminary indexes for 1986 based on September 1986 Crop Production report and other releases of the Agricultural Statistics Board, NASS. 3/ Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. 4/ Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output. 5/ Includes other items not included in the separate groups shown. 6/ Bureau of Labor Statistics. n.a. = not available.

Information contact: Charles Cobb (202) 786-1803.

Table 38.--Supply and use of fertilizer

(See the June 1986 issue, page 23.)

Information contact: Paul Andrilenas (202) 786-1456.

Table 39. Per capita food consumption indexes (1967 = 100)

(See the Nov. 1985 issue.)

Information contact: Karen Bunch (202) 786-1870.

Table 40. Per capita consumption of major food commodities (retail weight)

(See the Oct. 1985 issue.)

Information contact: Karen Bunch (202) 786-1870.

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	Special Shipping Charges	_____
	International Handling	_____
	Special Charges	_____
	OPNR	_____
_____	UPNS	
_____	Balance Due	
_____	Discount	
_____	Refund	

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